

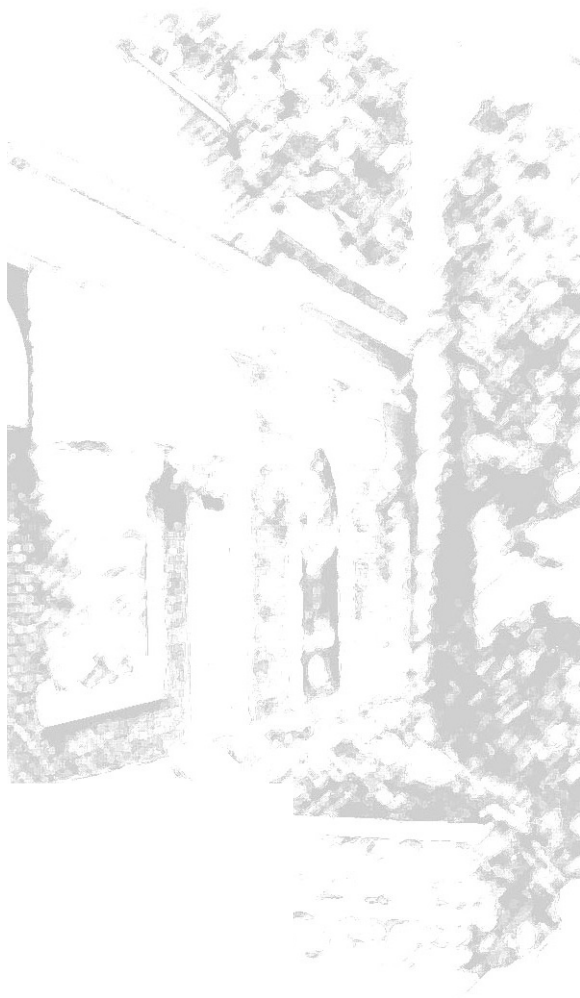


# Retail Study for the City of Falls Church

Prepared for the Economic Development Office

By Retail Compass LLC

November 2005



*The analysis and data provided in this document are intended for planning and strategy purposes only. No statement or conclusion included herein can be construed as a guarantee of future events. Conclusions are subject to change based on alternations in future development, growth, economic cycles, and unforeseen events.*



Introduction.....	Page 3
Executive Summary.....	4
Falls Church's Context in the Regional Retail Market .....	5
Retail Supply: City of Falls Church	
Definitions for Retail Inventory .....	6
Retail Inventory Findings .....	8
Retail Distribution: Falls Church Shopping Centers.....	9
Existing Retail Space by Categories.....	11
True Inventory of Retail Supply .....	13
Retail Demand: City of Falls Church	
Calculating Retail Demand .....	14
Impact of Nearby Retail Centers.....	15
Local and Regional Retail Trade Areas .....	21
Retail Demand by Categories.....	24
Retail Demand for Neighborhood Goods & Services .....	25
Retail Demand for Food & Beverages .....	26
Retail Demand for General Merchandise & Other .....	27
Cumulative Retail Demand .....	28
Impact of Planned Development on Retail Demand .....	29
Projecting 2010 Retail Demand .....	30
Catalysts and Impediments to Future Retail Demand .....	31
Framework for a Comprehensive Retail Strategy .....	32
City Center Retail Development Potential	
Retail Market Analysis .....	35
Merchandising Mix.....	38
Retail Planning and Design .....	41
Conclusion.....	44
APPENDIX .....	46

The City of Falls Church is transforming. Projects proposed, planned or under construction will provide growth and offer new opportunities for this village on the boundary between urban and suburban environments. As discussions regarding retail development continue, a market-based, community-wide retail strategy is necessary.

In May 2005, the City of Falls Church Economic Development Office retained Retail Compass, LLC to conduct a retail study. The purpose of this effort was to:

- Identify existing retail establishments to assess current retail supply within the community.
- Catalog and evaluate the impacts of nearby existing, under construction or planned retail establishments on the Falls Church market.
- Analyze consumer expenditures by residents and employees within the City of Falls Church and its local and regional trade areas to determine the potential retail demand for goods and services within the City's boundaries.
- Identify any potential catalysts or impediments that would impact future retail demand within the City.
- Recommend an initial comprehensive strategy for new retail development.

Since 2000, the community's planning and development efforts have focused on the City Center. Located near the intersection of Broad and Washington Streets, City Center is envisioned as a focal point of the Falls Church community – a place for casual, everyday interaction among residents, workers, visitors, students, seniors and families. City Center's open space and retail establishments, not its residential units and commercial offices, provide the opportunities for this informal community involvement. Stores, restaurants and parks are open to everyone, unlike homes or workplaces.

When completed, City Center's retail would be more than a point of commercial transaction. The shops, restaurants, and service establishments at City Center will connect the Falls Church community and represent the City to the region. For this reason, the retail development potential for City Center is the focus of the second half of this document.



- For the Falls Church Existing Retail Inventory, 303 retail and entertainment establishments totaling between 730,000 and 750,000 square feet were surveyed and recorded in May, 2005.
- Excluding Eden Center and entertainment uses, the total amount of retail space with a direct impact on Falls Church's local retail market is 501,000 square feet.
- The vacancy rate for retail space in Falls Church is approximately two percent (2%).
- Based on conventional distributions of retail by type, Falls Church appears to have a disproportionate amount of Food and Beverage retail (insufficient) and General Merchandise, Apparel, Furnishings and Other establishments (excessive).
- Evaluation of the quality of retail space has determined that Falls Church needs overall higher quality retail space to accommodate retail development potential. Approximately 144,000 square feet of retail space is anticipated to be converted into a non-retail use or redeveloped as the local market improves.
- Retail competition from nearby locations including Tysons Corner Center, Market Common at Clarendon, Williston Centers, Bailey's Crossroads, and Seven Corners significantly impact potential retail demand in Falls Church.
- In Falls Church's local customer trade area, approximately 36,200 people reside in 13,840 households with a median household income of \$79,149. In the regional customer trade area, 53,270 people reside in 20,872 households with a median household income of \$81,293.
- The total current market-supportable retail development potential for Falls Church is approximately 89,350 square feet. The demand is strongest in the Food and Beverage category.
- The additional retail supply created by projects currently under construction will outpace new retail demand generated by population and employment increases. Consequently, unmet retail development potential for 2010 decreases to an estimated baseline of 52,800 square feet.
- The conservative estimate for retail development potential at City Center is between 150,000 and 160,000 square feet. This total could increase to 200,000 square feet with the addition of several "catalyst" factors, including a specialty grocery store, music/arts venue, and the creation of a unique, Falls Church environment (the grand park envisioned in the City Center Plan).
- The following recommendations are intended to improve the existing conditions of the Falls Church retail market and to concentrate current and future retail demand at City Center: encourage and promote concentrated retail districts throughout the City, formulate a marketing campaign based on a realistic retail image of Falls Church, supplement the City's *Design Guidelines* with retail space criteria, and create retail planning and design specifications for City Center.

*Poor quality space, inadequate parking, nearby locations, lack of critical mass, and difficult Route 7 conditions have deterred many retailers from locating in the City of Falls Church.*



On a regional scale, Falls Church is an “in-between” retail market. To the west, Tyson’s Corner Center, the country’s sixth largest mall, is 3.5 miles away. To the east, new lifestyle centers at Market Common and Pentagon Row already draw Falls Church customers. Surrounding communities, such as Fairfax and Merrifield, benefit from large-parcel, under-developed land opportunities that facilitate mega-scale projects.

Retailers have bypassed Falls Church locations for several reasons:

- Lack of quality retail space and associated parking;
- Insufficient parking;
- National tenants protect existing locations at established nearby centers that already draw Falls Church residents and their expenditures;
- Local tenants find few opportunities to enter the Falls Church market as part of a concentrated retail district or adjacent to a retailer with regional or national recognition;
- Inhospitable retail conditions along Route 7/Broad Street, the City’s historically commercial and most highly traveled corridor. The high volume and speed of vehicles, roadway widths, low hanging (obstructive) tree branches, short crossing times, etc. have seriously impaired Route 7’s growth as a retail street.<sup>1</sup>

One of the most significant changes City Center can make to the Falls Church retail environment is to provide improved retail space to the available supply. Perhaps more than any other single initiative, the construction of a critical mass of quality retail space will attract the interest of desired tenants to Falls Church.

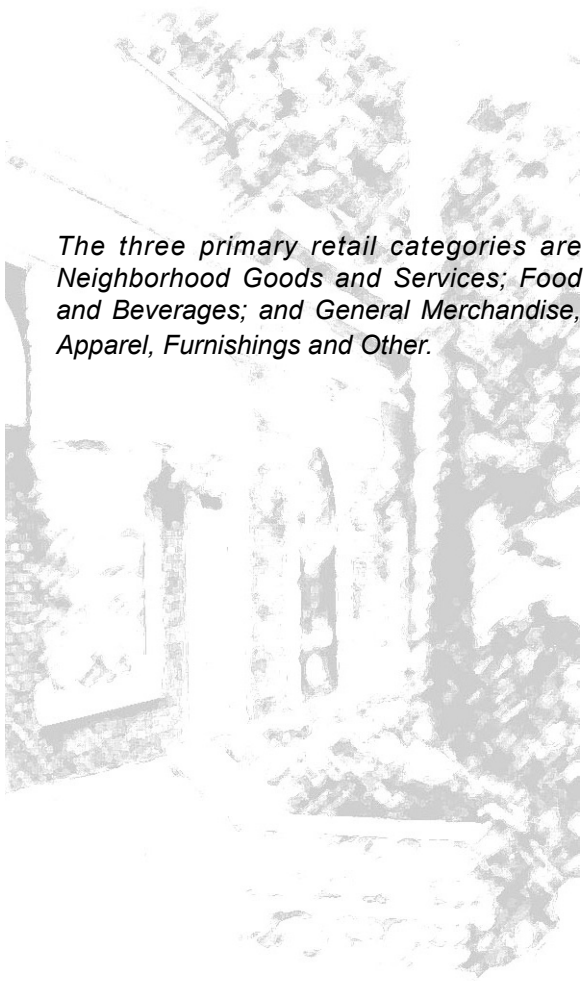
---

1. Falls Plaza and Broaddale Village have been the exceptions to these statements. With concentrations of quality retail space and easily accessible parking, these two centers have maintained low vacancy rates and some of the City’s highest retail rents.

In May, 2005, an inventory of existing spaces in Falls Church currently occupied by a retail or entertainment use was conducted by Retail Compass, LLC. This survey involved cataloguing tenant names and addresses of each applicable establishment. Field visits to each establishment were undertaken to determine and record the real estate class (A, B or C) and approximate size of each retail and entertainment space.

Sizes of spaces were determined through one of four approaches: (1) information derived from leasing plans, (2) information obtained from the current tenant, (3) measurements by the survey team, and (4) estimation of space by a measured increment (i.e. ceiling tile, floor tile, window bay, etc.). Because exact measurements could not be assured in all circumstances, sums related to total areas are expressed as “approximate” or within a reasonable range for the purposes of this report.

### **Retail and Entertainment Categories**



*The three primary retail categories are Neighborhood Goods and Services; Food and Beverages; and General Merchandise, Apparel, Furnishings and Other.*

**Neighborhood Goods and Services (NG&S):** This category includes establishments that depend upon the patronage of local residents and workers. Examples of these types of tenants include grocery stores, drugstores, florists, bakeries, specialty food stores, delicatessens, butchers, dry cleaners, tailors, laundromats, hair salons, nail salons, day spas, printers, pet salons, machine repair shops, shoe repair and shine shops, hardware stores, gyms, and similar. For additional information on NG&S retail, please see Page 22.

**Food and Beverage (F&B):** This category includes establishments that serve food and/or alcohol consumed outside the home. Tenant types in the F&B category include sit-down restaurants, cafes, bars, coffee shops, sandwich shops, ice cream shops, “quick-bite” establishments, fast-food restaurants, and similar. For additional information on F&B retail, please see Page 24.

**General Merchandise, Apparel, Furnishings and Other (GAFO):** This category includes establishments such as clothing stores, furniture stores, bookstores, jewelry stores, stationery stores, gift boutiques, pet stores, sporting goods stores, home goods stores, craft stores, music stores, antique shops, camera stores, electronics stores, auto parts stores, and similar. For additional information on GAFO retail, please see Page 25.

**Entertainment (ENT):** Establishments in this category generally purvey access to a recreational activity. Examples of entertainment establishments include movie theaters, performance theaters, live-music venues, bowling alleys, billiard halls, skating rinks, video arcades, and similar uses.

When an establishment met the criteria of more than one category, the use that constitutes a majority of the space determined its category. For instance, a restaurant with billiard tables that comprise less than 50% of the total space was assigned as a “Food and Beverages” establishment, not as “Entertainment.”

### **Class of Space**

*Class A:* Space that meets the requirement for a Class A rating typically has the following attributes: located at an end-cap or prominently situated among in-line establishments, floor-to-ceiling clear height of 14 feet or higher, storefront width of 20 feet or more, well-maintained, clearly visible from primary roadways, constructed with quality materials, properly lit exterior and display spaces, and clear pedestrian and vehicular access and parking.

*Class B:* Space that meets the requirements for a Class B rating typically has the following attributes: well-situated among in-line establishments, floor-to-ceiling clear height of approximately 12 feet or higher, storefront width of 15 feet or more, well-maintained, and diminished representation of any factors listed for Class A space.

*Class C:* Space that meets the requirements for a Class C rating typically has the following attributes: located among in-line establishments, floor-to-ceiling clear heights of less than 12 feet, storefront width of less than 15 feet, and diminished representation of any factors listed for Class A or B space.

*Build-to-Suit (BTS):* Space that is listed as BTS has been constructed for a specific tenant in such a manner that conversion to another use or tenant will be difficult or impractical.



*The City of Falls Church has approximately 730,000 to 750,000 square feet of retail with an estimated 2% vacancy rate.*



For the Falls Church Existing Retail Inventory, 303 retail and entertainment establishments were surveyed and recorded in May, 2005.

The total amount of occupied retail and entertainment space in Falls Church is estimated to range between 730,000 and 750,000 square feet. The average size for a retail and entertainment space is 2,420 square feet.

A total of approximately 16,000 square feet of space intended for retail uses was observed to be vacant. This amount represents approximately 2% of the total inventoried retail space.

Only two establishments in Falls Church are recorded as entertainment spaces: The State Theater and Bowl America. These two establishments total approximately 39,500 square feet.

In Falls Church, the total amount of retail (not including entertainment) space is approximately 693,000 square feet. The average size for a retail space is 2,300 square feet.

As a regional specialty-retail destination in Northern Virginia, Eden Center is technically located within Falls Church but functionally operates independently from the local retail market. At Eden Center, 98 retail establishments were inventoried, totaling approximately 192,000 square feet.

The total amount of retail space with direct impact on the local Falls Church market (not including entertainment space or Eden Center) is approximately 501,000 square feet. This total serves as the basis for the remainder of this document and analysis.

Approximately 64% of retailers in Falls Church are located in one of the following shopping centers.

### **Eden Center**

Located near Seven Corners with its main entrance off Wilson Boulevard, Eden Center is the largest shopping center within the City of Falls Church. Dedicated to providing goods and services for the region's Vietnamese-American population, Eden Center supports almost 200,000 square feet of retail, including anchor tenants Eden Supermarket and National Wholesale Liquidators.

### **Falls Plaza**

The most prominent retail center on Route 7, Falls Plaza is a mix of national and local establishments anchored by a Giant Food, CVS and Staples. This center has mixed national food retailers (Starbucks, Chicken Out, and Baskin Robbins) with locally-based goods and services shops, including a franchised Hallmark store, the Falls Church Bagel & Donut Deli, ethnic restaurants, and several storefront schools. The total size of Falls Plaza is 144,000 square feet.

### **Broaddale Village Center**

This 30,000 square-foot strip shopping center has representatives of each major retail category, including neighborhood goods and services tenants, food and beverage establishments and GAFO retailers. Although the Original House of Pancakes is the largest tenant, Starbucks fills the more conventional role of "anchor" by drawing hundreds of customers to the center each day. With visible parking and almost 300 linear feet of Route 7 exposure, Broaddale Village Center has attracted some of the City's most notable retailers, including Duron Paint and Kinko's, in a small strip formation. The Jerry's Subs and Pizza is in the seventeenth year of its lease at this location.

### **The Broadway**

The 12,000 square feet of space set aside for retail at The Broadway is primarily occupied by two end tenants, Hollywood Video and Amasia Bistro. An art and gift boutique, Impulsive, and the sales office for a new planned development, The Spectrum, have two of the smaller, central retail bays.

*Falls Plaza and Broaddale Village Center are the City's two strongest retail centers with the lowest vacancy rates and highest rents.*



### **Tower Square**

Anchored by Halalco Supermarket and Rite Aid Pharmacy, this 20,000 square-foot neighborhood center is located along one of Falls Church's secondary arterials. The recent addition of Red, Hot and Blue Express at the eastern end-cap has bolstered activity at Tower Square. Other retailers include a furniture store, dry cleaners, and a Virginia ABC store.

### **West End Plaza**

This collection of establishments near the Washington and Old Dominion Trail overpass is anchored by Economy Party Supplies and contains approximately 16,000 square feet of retail space. Recent improvements in the property's building façade and sidewalks have resulted in several new tenants at West End Plaza. The current merchandizing mix includes a hair salon, a pet-grooming salon, a florist, a flooring store and several national tenants including Quizno's, the UPS Store, Mattress Discounters, Nextel, and Z Pizza.

### **Broad Street Businesses**

At the intersection of Falls Church's two primary arterials, Routes 7 and 29, approximately 60,000 square feet of retail establishments are currently located. Although the businesses along Broad Street are not technically in a shopping center, they do form one of the most concentrated collections of retail within the City. Supported by Brown's Hardware to the east and Falls Church Antique Co. Ltd. to the west, the Broad Street businesses offer a range of goods and services without a clearly-defined retail anchor.

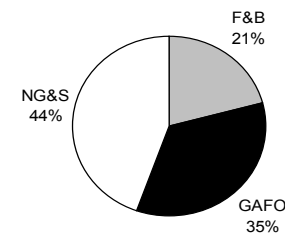


*The highest percentage of the existing retail space in Falls Church is currently occupied by Neighborhood Goods and Services retailers.*

Focusing on the retail space with direct impact on the local market, each establishment was identified based on its primary retail category:

- 98 **Neighborhood Goods and Services** retailers occupy the largest percentage (44% or 222,000 square feet).
- In the **General Merchandise, Apparel, Furnishings and Other** category, 55 retailers constitute 35% or 174,000 square feet of inventoried space.
- The 50 **Food and Beverage** establishments in the community occupy 21% or 105,000 square feet of the retail space.

*Graph 2. Distribution of Retail Space with Direct Impact on the Local Market by Retail Category.*



Source: Falls Church Existing Retail Database, Retail Compass LLC (May 2005)

*Although Class A space categorized the largest amount of retail locations in the City, a significant number of Class B and C spaces lowers the overall quality of space.*

Each retail location in Falls Church was assigned a “class of space” indicative of the ceiling height, bay width, visibility from major roadways, and vehicular/pedestrian accessibility.

- Of the 203 establishments recorded, 38% or 23 locations received the highest rating of “**Class A.**”
- **Class B** retail spaces constituted 25% of the total in 59 locations.
- Approximately 30% or 108 locations received a “**Class C**” rating.
- The smallest percentage of space, **Build-to-Suit** sites comprised 7% of the total inventory in 13 locations.

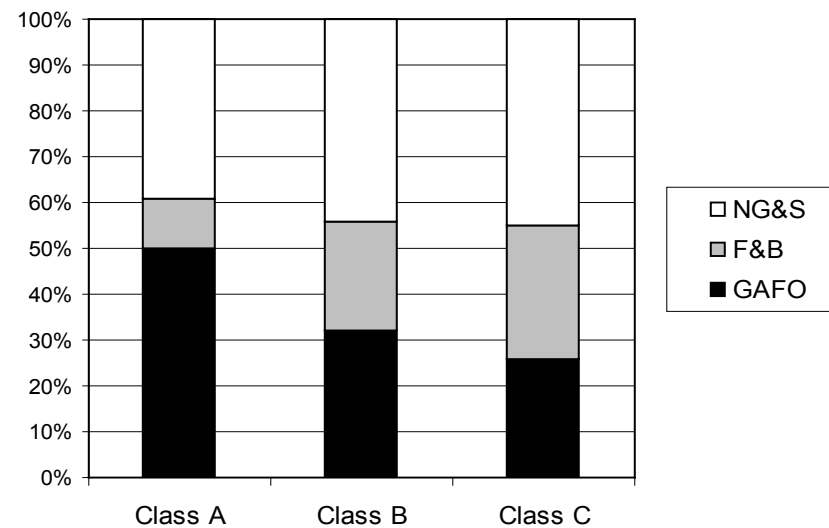
## EXISTING RETAIL SPACE BY CATEGORIES

*Retail Study for the City of Falls Church*

*Food and Beverage retailers are predominantly located in Class B and C spaces.*

Overall, General Merchandise, Apparel, Furnishings and Other retailers occupy almost half of the Class A space, whereas Food and Beverage retailers are predominantly located in Class B and C space. Neighborhood Goods and Services retailers are evenly distributed among the three categories of space quality.

*Graph 3. Distribution of Retail Space by Class and Category.*



Source: Falls Church Existing Retail Database, Retail Compass LLC (May 2005)



The total amount of existing retail space currently in supply does not provide the most accurate depiction of the current retail supply. In communities like Falls Church, retail establishments are able to maintain operations in substandard spaces and locations due to a lack of available alternatives or because of limited competition in specific retail categories. As new, better quality space is constructed, the substandard space is often replaced or converted to a non-retail use.

For this reason, it is assumed that a proportion of the existing space in the current inventory will become obsolete as a retail use as the local market improves and builds better quality space. To determine this amount, a percentage is assigned to each class of retail space. This percentage assumes the likelihood that retail space currently in the existing supply will remain.

The estimated “true inventory” for the retail supply in Falls Church is approximately 355,500 square feet. This figure was determined by assigning a probability percentage of 90% for Class A space, 75% for Class B space, 55% for Class C space and 25% for Build-to-Suit space.

*Table 1. True Inventory Supply Calculation.*

Class of Space	Total Amount (sf)	Efficiency	True Inventory (sf)
A	190,955	90%	171,860
B	123,103	75%	92,327
C	150,105	55%	82,558
Build-to-Suit	36,975	25%	9,244
<b>TOTAL:</b>	<b>501,138</b>		<b>355,988</b>

Source: Falls Church Existing Retail Database, Retail Compass LLC (May 2005)

*The amount of retail space likely to remain in the inventory as the local retail market improves (true inventory) is 355,500 square feet.*



Retail demand is quantified by evaluating three distinct factors that impact customers' habits and capacity to patronize retailers.

- Competition from nearby retail centers and businesses
- Established local and regional shopping patterns
- Existing and projected expenditures by local households

From the analysis of these conditions, the total amount of expenditures anticipated to be captured in a healthy retail environment can be estimated. This calculation determines the basis for the total amount of supportable retail space within the Falls Church market.

### THE IMPACT OF NEARBY RETAIL CENTERS ON THE FALLS CHURCH RETAIL MARKET

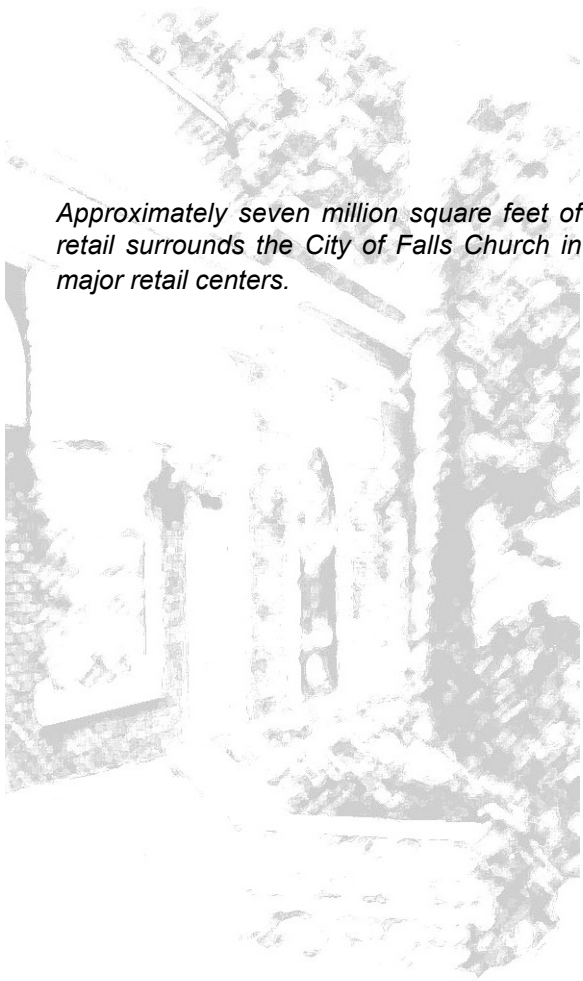
The ability of retail establishments in the City of Falls Church to draw customer expenditures from its own residents and from outside its borders is heavily influenced by existing competition. Shoppers make decisions to patronize retailers for many reasons, including convenience, atmosphere and safety, parking, variety of goods offered, familiarity with the store and product, among others. To understand Falls Church's place in the local market, the retailers and retail centers that impact customer decision-making must be understood.

#### **Tysons Corner Center/Galleria at Tysons II**

The two primary retail centers at Tysons Corner, Tysons Corner Center and the Galleria at Tysons II, total approximately 2,702,400 square feet combined. Together, they form the largest shopping center in the DC Metro area and the sixth largest mall in the country. Several retailers have introduced or "rolled-out" their first store or latest concepts in one of these super-regional centers.

*Impact on Falls Church Retail Market:* Strong.

Due to its close proximity to one of the largest collection of retail shops in the country, Falls Church falls in Tysons Corner's immediate trade area. For retailers seeking sites in this market, Tysons Corner is a more established location with a proven track record of sales and performance. The critical mass of retailers at these shopping centers ensures a large, potential customer trade area for any new tenant. Because of the selection that Tysons Corner is able to offer, it also draws a considerable amount of customer expenditures from the areas that comprise Falls Church's local and regional trade areas.



*Approximately seven million square feet of retail surrounds the City of Falls Church in major retail centers.*

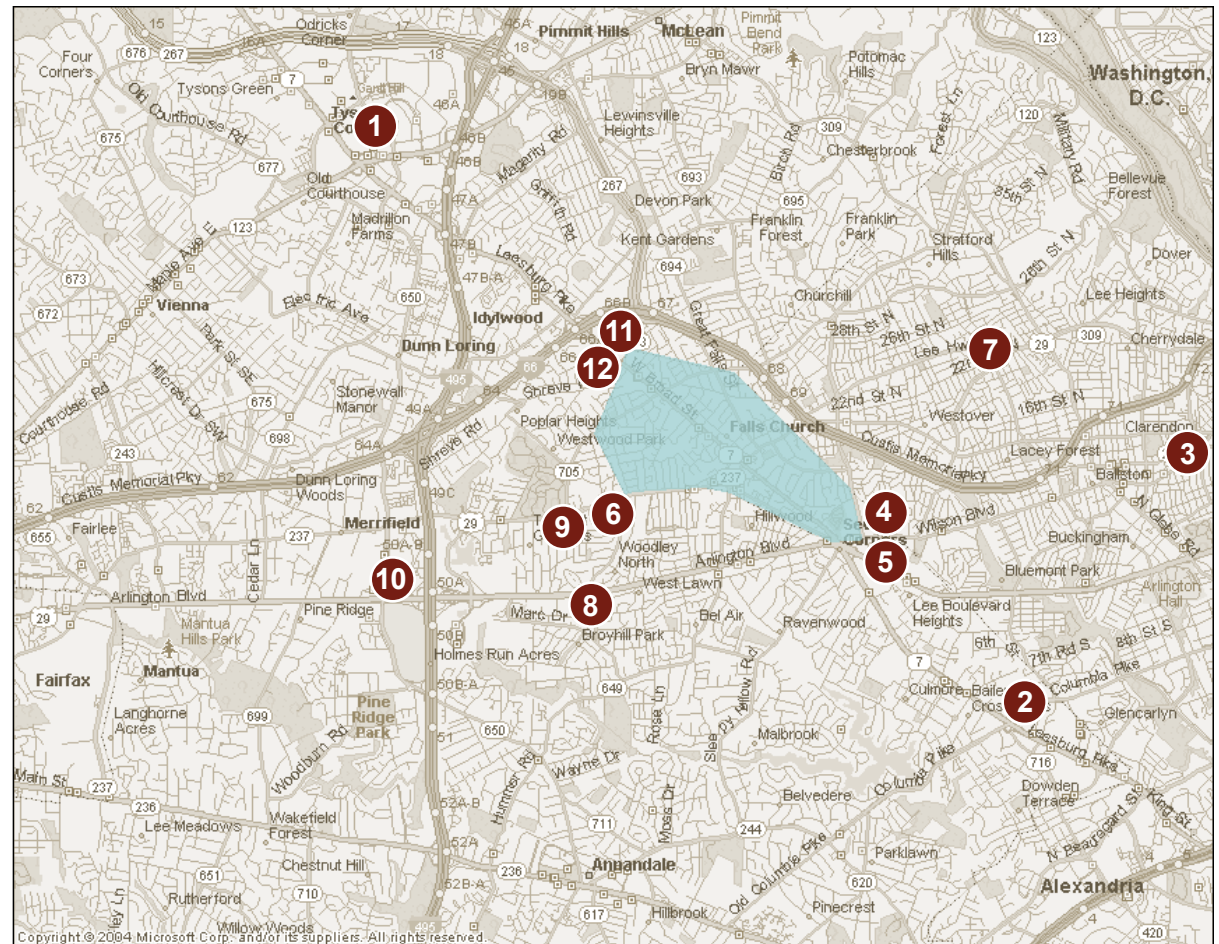


Diagram 1: Existing Retail Competition With Impacts on Falls Church Retail Market

- |  |                                |                                   |
|--|--------------------------------|-----------------------------------|
| 1 Tysons Corner Ctr/Galleria at Tysons | 5 Seven Corners Center         | 9 West Falls Church Outlet Center |
| 2 Bailey's Crossroads                  | 6 Lee-Graham Shopping Center   | 10 Yorktown Plaza/Gatehouse Plaza |
| 3 Market Common, Clarendon             | 7 Lee Harrison Shopping Center | 11 Tyson's Station                |
| 4 Williston Centres, Target/PetSmart   | 8 Loehmann's Plaza             | 12 Idylwood Plaza                 |



### **The Market Common, Clarendon**

Opened in 2001, The Market Common introduced 240,000 square feet of retail space to the Arlington/Metro DC market. Serving as one of the region's few lifestyle centers, The Market Common offers national tenants such as the Apple Store, Williams-Sonoma, Crate and Barrel, Jos. A Bank, Pottery Barn, The Container Store and Barnes & Noble. In addition to its retail component, The Market Common is comprised of 300 apartments, 87 townhomes and 100,000 square feet of office space.

#### *Impact on Falls Church Retail Market: Strong.*

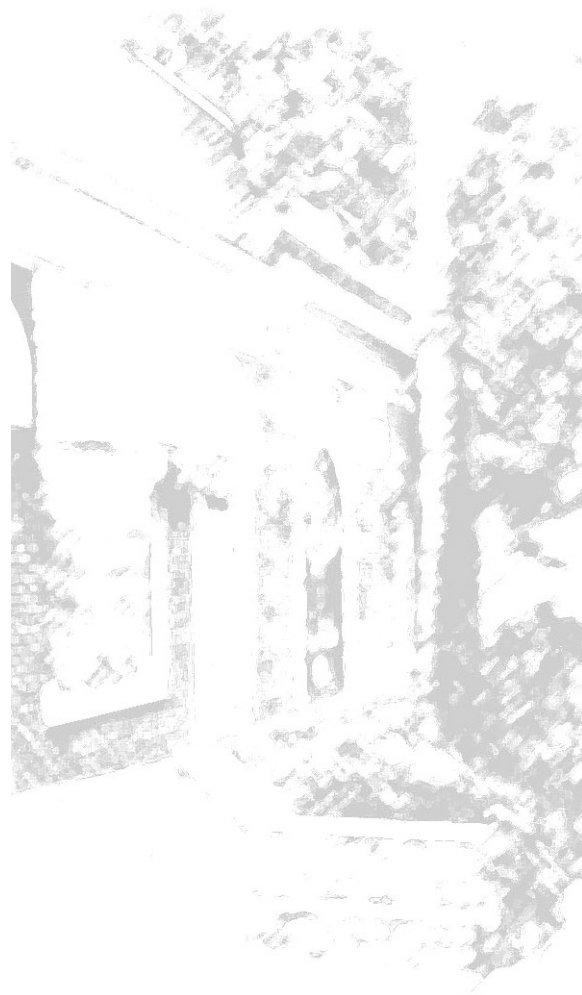
When introduced in 2001, The Market Common proved that an untapped demand for a destination lifestyle center existed between Tysons Corner and Pentagon City. However, by filling this gap, The Market Common provided critical "mid-way" locations for the Metro area's biggest retailers. Consequently, the necessary sites for these national tenants near the Route 66 corridor are Tysons Corner, The Market Common/Arlington, and Pentagon City/Potomac Yard. For these lifestyle retailers, an additional location at Falls Church would risk undermining a Tysons Corner or Arlington store in a better established and "proven" location.

### **Williston Centres I and II, Target/PetSmart**

Located just outside of the City's boundaries, the combined Williston Centres' location ensures high visibility and accessibility from Route 50. Anchored by CVS, Safeway, PetSmart and Target, the total area of these centers equals approximately 420,000 square feet.

#### *Impact on Falls Church Retail Market: Moderate to strong.*

As a hybrid neighborhood goods and services/GAFO location, these centers are convenient for Falls Church residents and offer sufficient variety to serve as a single shopping stop. In this capacity, it operates in a similar manner to West Falls Plaza. However, with Target as an anchor tenant, their trade area is expanded, attracting customers who will patronize other businesses in the same center to minimize travel times and distances.



### **Seven Corners Center**

Anchored by Home Depot, Shoppers Club, G-Street Fabrics and Barnes & Noble, this big-box power center includes approximately 560,000 square feet of retail across the City of Falls Church border. Because of its visibility and accessibility from Routes 7 and 50, Seven Corners Center is among the most desirable retail sites in the Falls Church area. Property owner, Saul Centers, estimates a five-mile trade area for Seven Corners Center.

*Impact on Falls Church Retail Market: Moderate to Strong.*

The retail establishments at Seven Corners Center offer convenience and discount pricing. Although the Falls Church customer base prefers product brands and quality when shopping for luxury items, specialty retailers in the apparel, reading materials and hardware/home goods categories may be deterred by Seven Corners' proximity and price competition.

### **Loehmann's Plaza**

Loehmann's Plaza's 242,000 square feet are anchored by Loehmann's, Linens & Things, Bally Total Fitness, and Scan Furniture. The mix of supporting, smaller retailers includes regional and national chains such as Pier 1 Imports, Jos A. Bank Clothiers, Celebrity Delly, Virginia ABC, and CVS. The remainder of the space is occupied by a mix of local food/beverage and neighborhood goods and services retailers.

*Impact on Falls Church Retail Market: Moderate to Strong.*

Many retailers considered desirable for Falls Church have located in Loehmann's Plaza because of its anchor tenants, abundant parking and easy accessibility from Route 50. Shopping centers such as Loehmann's Plaza establish a benchmark for retailers' expectations in this market – surface parking, direct access, clear visibility, and single-use retail projects.

### **Bailey's Crossroads**

A collection of shopping centers at the intersection of Route 7 and Columbia Pike, Bailey's Crossroads includes over one million square feet of retail, ranging from Office Depot, Best Buy, Border's, Old Navy, and Toys R Us.

*Impact on Falls Church Retail Market: Slight.*

This concentration of big-box retailers attracts customers regionally, but does not significantly draw from a single jurisdiction. Although many Falls Church residents patronize these establishments, their shopping patterns would shift if a more convenient opportunity to make similar purchases became available.



### **Tyson's Station**

Located across Route 7 from Idylwood Plaza, Tyson's Station serves as one-half of the retail gateway into Falls Church. Anchored by a Trader Joe's, this 50,000 square foot shopping center is occupied by a mix of neighborhood goods and services establishments and home décor/improvement stores.

*Impact on Falls Church Retail Market: Slight.*

The home goods stores, Aaron Brothers and Reico Kitchen & Bath, attract customers for home furnishings and décor from Falls Church's trade areas, but not enough to preclude additional opportunities within City borders. Trader Joe's also draws from Falls Church, however, the amount and type of expenditures will not significantly impact NG&S retail demand within the City.

### **Idylwood Plaza**

This 73,000 square foot community retail center is anchored by Whole Foods and Storehouse Furniture, but supported by a wide variety of establishments. Its small-sized tenant mix includes a variety of restaurant/quick bite establishments, neighborhood service retailers and home goods stores.

*Impact on Falls Church Retail Market: Slight.*

Although the Whole Foods regularly draws expenditures from the Falls Church local market, Idylwood Plaza is primarily a neighborhood goods and services retail center that serves a separate trade area. For the most part, the types of retail tenants located at Idylwood Plaza can also be found in Falls Church.

### **Lee-Graham Shopping Center**

A small neighborhood retail center, Lee-Graham Shopping Center is anchored by a Magruder's and supported by a variety of neighborhood goods and services establishments. Arranged in a traditional format and oriented toward Graham Road, Lee-Graham's 56,000 square feet of retail are located just outside of Falls Church's municipal boundaries.

*Impact on Falls Church Retail Market: Slight to none.*

Due to its location within an established residential neighborhood, Lee-Graham Shopping Center has limited visibility for a larger trade area. Nearby residents who shop there will continue to do so, unless a compelling reason to bypass convenience, such as a wider selection or better quality of goods and services, changes their shopping patterns.



### **Lee Harrison Shopping Center**

Located a mile and half north of the East Falls Church Metro station, the Lee Harrison Shopping Center is a 114,000 square-foot neighborhood goods and services retail center anchored by a Harris Teeter.

*Impact on Falls Church Retail Market:* Slight in the local trade area; strong in the northern sections of the regional trade area.

Because Route 29/Washington Street has direct access to the Lee Harrison Shopping Center, the northern sections of regional trade area are drawn to this area of Arlington over any neighborhood goods and services options along Route 7 within Falls Church.

### **West Falls Church Outlet Center**

An 88,000 square foot retail center, this property's name is derived from its original tenant mix by its first owner, The Mills Corporation (no outlet stores tenant the Outlet Center today). Anchored by a 38,000 square foot Safeway and supported by Radio Shack, Rite Aid Pharmacy and Dunkin Donuts, West Falls Church Outlet Center benefits from an excellent location for retail visibility and accessibility – the intersection of Lee Highway/Route 29 and West Street.

*Impact on Falls Church Retail Market:* Slight to moderate.

As one of the several neighborhood goods and services centers that surround Falls Church, West Falls Church Outlet Center impacts the City's ability to draw customers from neighborhoods south of Route 50 and along West Street.

### **Yorktown Plaza/Gatehouse Plaza**

Located along Routes 50 between Route 66 and Gallows Road, these two retail centers form a "retail node" of competition at Falls Church's southwestern boundary. Yorktown Plaza's 92,000 square-foot community retail shopping center is anchored by a Giant grocery store, whereas Gatehouse Plaza's 38,000 square-foot center is best known for its restaurant offerings, notably Sweetwater Tavern, Uno's Chicago Grill and Chevy's.

*Impact on Falls Church Retail Market:* Moderate.

Because of its location and the quality of this development, Yorktown Plaza draws residents from the western edges of Falls Church for neighborhood goods and services. Currently, Gatehouse Plaza also attracts Falls Church expenditures for its food and beverage establishments, but this condition is exemplified by a lack of options in Falls Church near this location.

### RETAIL COMPETITION PLANNED OR UNDER CONSTRUCTION

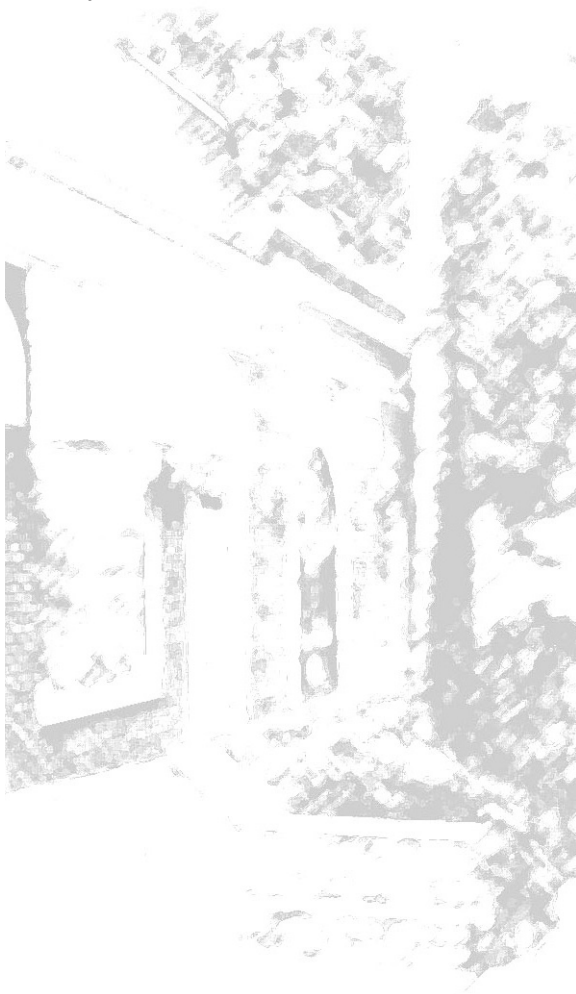
#### **Merrifield Town Center**

*The impact of Merrifield Town Center, which has not yet been constructed, is difficult to determine. However, the preliminary leasing plans for this center illustrate a range of retail tenants that will attract expenditures from the City of Falls Church.*

This large-scale project will include approximately 270 condominiums, office space and 100,000 square feet of retail, including a grocery, large-format stores, and a relocated, updated 18-screen multiplex cinema.

*Potential Impact on Falls Church Retail Market: Strong.*

A state-of-the-art multiplex at this location will make attracting cinema vendors of any type to Falls Church very difficult. Although plans for Merrifield Town Center and surrounding developments are unclear, efforts to create a “main street” community retail environment could impact Falls Church’s efforts to do so.



*Major highways, driving times and nearby retail competition greatly impact the boundaries of the local and regional trade areas for Falls Church's potential retail demand.*



Retail trade areas for the City of Falls Church are greatly influenced by transportation routes, traffic congestion, existing retail competition, geography, and sociological perceptions.

Throughout Falls Church, major roadways run east and west, including Routes 7, 29, and 50. Although these roads are often congested, they provide the most rapid routes through the community. A key measurement of a residents' willingness to shop in a new venue is proximity to the establishment; however, travel times often play a more significant role in drawing trade areas than travel distances. *For this reason, Falls Church's local and regional trade areas are elongated to the east and west.*

Surrounding Falls Church to the north and west, Route 66 creates the area's most significant "barrier to trade." With a limited number of access routes that cross over or under it, Route 66 forms one of the trade area's most prominent and impenetrable shopping boundaries. Noted exceptions occur at Washington Street, West Street, Route 7 and Route 50. These connection points allow market penetration to and from Arlington's Westover and Williamsburg neighborhoods as well as Merrifield. For this reason, the regional trade areas extend further southeast into Arlington and west into Merrifield.

To the south, Route 50 forms the southern boundary for the Falls Church's retail trade area. However, this barrier is based on perception as well as geography. First, the quality of the housing stock and density of dwellings markedly decreases south of Route 50. Second, several possible retail options exist along Route 50 that are difficult for nearby residents to pass in lieu of other establishments further away. Third, the shopping patterns north of Route 50 are drawn towards Falls Church, while southern shopping patterns tend toward Annandale. *For this reason, Route 50 is the southern boundary of the local trade area.*

At Seven Corners, two important factors combine to create the boundaries for the local and regional trade areas. Traffic is the first barrier, as travel times through the Seven Corners exchange, which connects Route 7, Route 50, Hillwood Avenue and Wilson Boulevard, is often confusing, congested, and delaying. The second impact to Falls Church's trade area's at Seven Corners is the almost 2 million square feet of retail options available. This collection and variety of establishments representing every retail category essentially "cuts off" customers who might otherwise travel into Falls Church. *For this reason, the local and regional trade area boundaries do not extend past Seven Corners.*

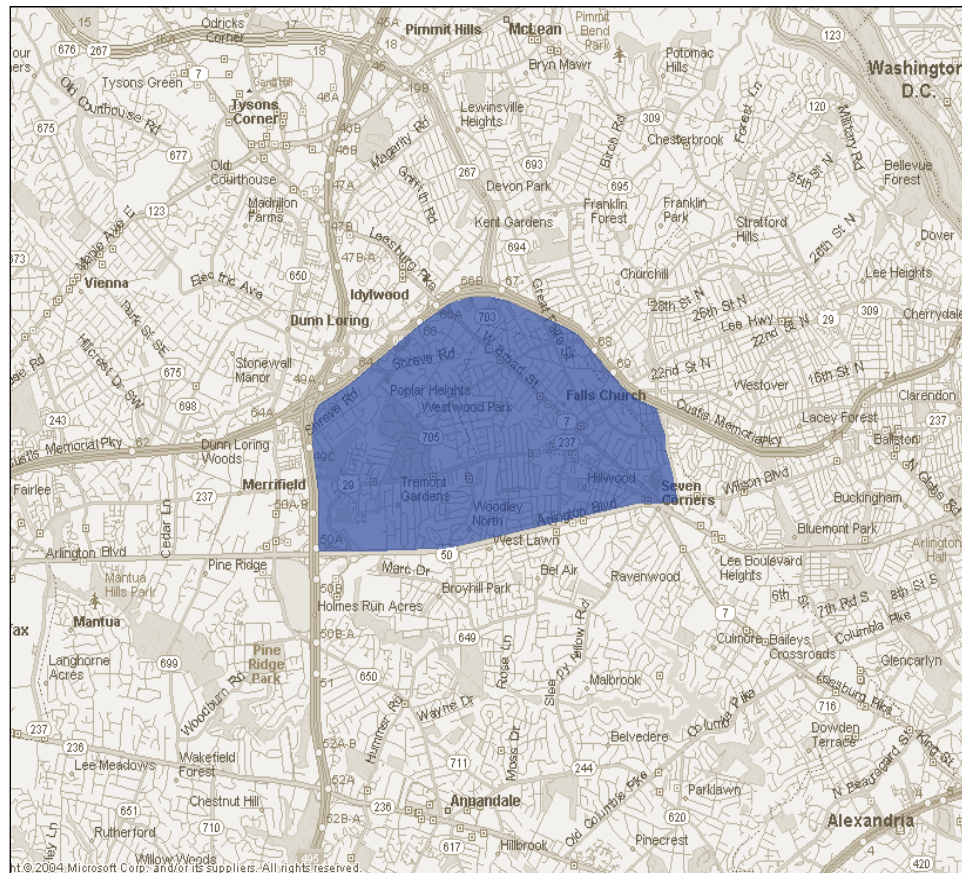


Diagram 2: Local Trade Area (dark blue) for Falls Church's retail market

## LOCAL TRADE AREA (PRIMARY)

The local trade area is comprised of residents within and outside of the City that would be drawn to the convenience of Falls Church's retail establishments over existing or proposed competition. For this reason, "capture rates" for expenditures are highest in this trade area.

For Falls Church, the local trade area extends from Route 66 to the north and west to Route 50 in the south and Seven Corners to the east.

This trade area has experienced measured growth over the past five years (3.81%) that is expected to increase even further with numerous new construction projects in the works. Currently, approximately 36,209 people reside in 13,841 households within this area. The median household income is \$79,149.

Over 50% of these households are comprised of married couples. Nearly 50% of those households have children. The average travel time to work for local residents is 30 minutes. Almost 67% of homes are owner-occupied.

With proposed new construction and expected population increases, the total number of residents in the local trade area is anticipated to rise to 38,397 people in 15,091 households by 2010.

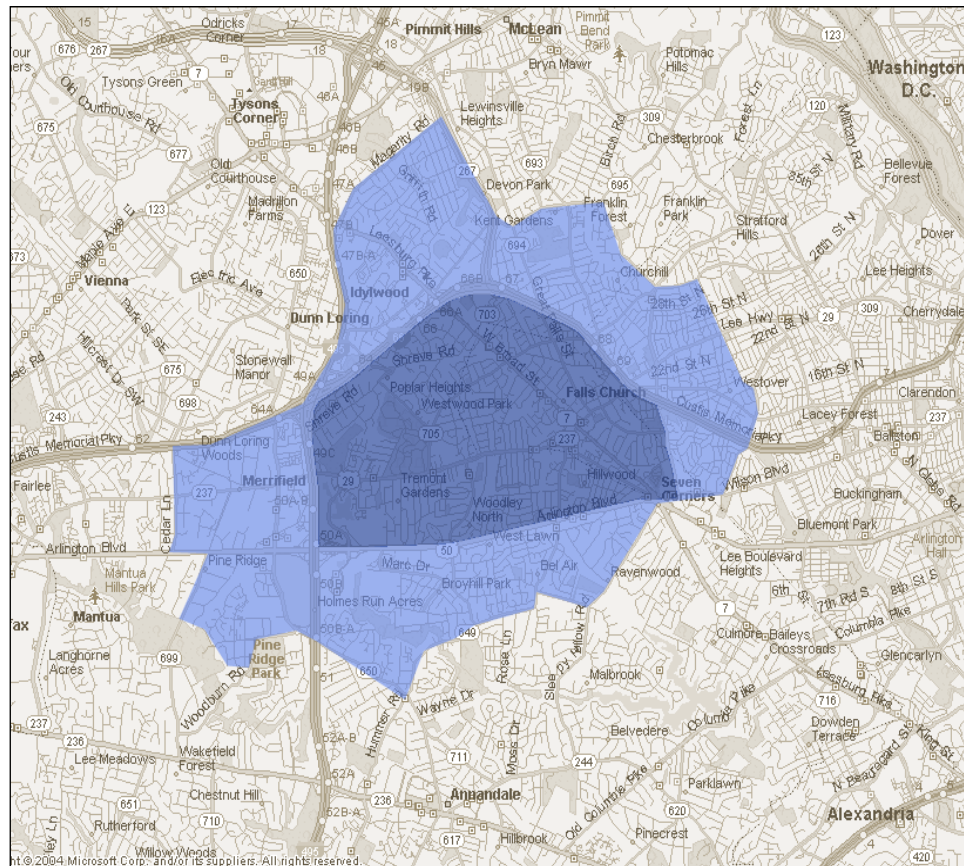


Diagram 3: Regional Trade Area (light blue) for Falls Church's retail market. Local Trade Area in dark blue.

## REGIONAL TRADE AREA (SECONDARY)

The regional trade area is identified by neighborhoods with direct access to Falls Church, yet with a variety of competitive shopping alternatives that weaken the potential capture rate for their residents' expenditures in the City.

For Falls Church, the regional trade area extends into the Westover and Williamsburg neighborhoods in Arlington, west into Merrifield and south toward Annandale.

The current population of the regional trade area (exclusive of the local trade area) is 53,270 people residing in 20,872 households. The median household income in this area is \$81,293.

Similar to the local trade area, almost 50% of households in the regional trade area are occupied by married couples. Half of these households also have children. A smaller percentage (61%) of homes are owner-occupied in the regional trade area.

With proposed new construction and expected population increases, the total number of residents in the regional trade area is anticipated to rise to 54,196 people in 21,401 households by 2010.

Each of the three major retail categories has distinctive characteristics that impact tenant location decisions and shopping patterns. These factors, which are addressed in the introduction of the following three sections, significantly impact the capture rate for customer expenditures. Following this explanation, the existing “true inventory” for each retail category in Falls Church will be identified. At the conclusion of each section, the estimated retail demand for each retail category is provided.

“Capture rates” is a term indicating the estimated percentage of expenditures that can be attracted to a given location. The potential capture rates for the City of Falls Church are based on typical performance by establishments in each retail category and the strength of the competition posed in each retail category.

**Neighborhood Goods** (includes establishments such as grocery stores, drugstores, florists, specialty food stores, bakeries, delicatessens, and similar)

Neighborhood goods are usually perishable, regularly consumed, and purchased frequently. These products, such as groceries, flowers, baked goods, and over-the-counter medicine, are universally purchased regardless of income level. For this reason, they are regarded as “essential purchases.” In urban and most suburban areas, establishments that sell neighborhood goods serve small trade areas and rely heavily on dense, nearby communities that depend upon their stores almost exclusively.

Because proximity and convenience defines the trade area for neighborhood goods, the capture potential for these retailers diminishes as the distance between the store and the customer increases. Potential capture rates will be highest in the local trade area as these customers will patronize neighborhood establishments that they regard as “their own.”

The capture rate for neighborhood goods in Falls Church faces competition from nearby grocery-anchored centers such as Idylwood Plaza, Lee-Harrison Shopping Center, Seven Corners, West Falls Church Outlet Center, and Yorktown Plaza. Each of these nearby centers will impact Falls Church’s potential capture rate for neighborhood goods in the local trade area.



**Neighborhood Services** (includes establishments such as dry cleaners, tailors, nail salons, hair salons, day spas and similar)

Neighborhood services retailers function in the same way as neighborhood goods establishments with one notable exception. Specialty dry cleaners, tailors, salons and day spas have the ability to draw from a larger trade area if they offer a unique service. For spas and salons, an exceptional environment can also attract more customers from a larger area. Typical neighborhood services pull customers from nearby residential areas and rely on frequent, repeat business. All figures stated are approximate.

### **Existing Supply of NG&S in Falls Church: 151,000 square feet**

The total existing square footage of neighborhood goods and services establishments in Falls Church is approximately 222,200 square feet. This amount is evenly distributed among Class A, B, and C space. A true inventory calculation for neighborhood goods and services establishments concludes that approximately 150,000 square feet of this space should be measured as the current market's stable supply.

### **Estimated Demand for NG&S: 172,500 square feet**

Please refer to Appendix B for detailed information on expenditures, capture rates and total NG&S retail demand for the local and regional trade areas, as well as the Falls Church office population.

### **Estimated Retail Development Potential for NG&S: 21,000 square feet**



**Food and Beverages** (includes establishments that serve food and alcohol consumed outside the home, such as sit-down restaurants, cafes, bars, coffee shops, sandwich shops, “quick-bite” establishments and similar.)

The trade area for food and beverage establishments depends upon customer density, customer spending levels, existing food and beverage competition, the quality of the environment, and the number/character of other restaurants within that environment. An excellent, stand-alone restaurant can have strong customer draw from a local trade area. However, a single establishment in an urban area will rarely capture a significant amount of expenditures from beyond two miles away, as competition for dining expenditures at this distance is often too great. A concentration of restaurants in a desirable environment can draw patrons from a wider trade area. People will travel to a cluster of restaurants without a specific destination, but rather to find a place to dine out of a range of options.

Because few of Falls Church’s food and beverage options are clustered, future retail plans could include a grouping of restaurants. The potential capture rate for this category was blended to reflect both conditions.

Existing competition for Falls Church’s F&B expenditures is distributed throughout Northern Virginia, including areas as diverse as Tysons Corner, Downtown DC, Old Town Alexandria, Shirlington Village, Fairfax, and Clarendon. All figures stated are approximate.

### **Existing Supply of F&B in Falls Church: 67,500 square feet**

The total existing square footage of food and beverage establishments in Falls Church is approximately 105,000 square feet. However, a disproportionate amount of this space is located in Class C space and will face mounting competition as local retail conditions improve. A true inventory calculation for food and beverage establishments concludes that approximately 67,000 square feet of this space should be measured as the current market’s stable supply.

### **Estimated Demand for F&B in Falls Church: 111,850 square feet**

Please refer to Appendix C for detailed information on expenditures, capture rates and total F&B retail demand for the local and regional trade areas, as well as the Falls Church office population.

### **Estimated Retail Development Potential for F&B: 44,350 square feet**



**GAFO** (General Merchandise, Apparel, Furnishings and Other – includes establishments such as clothing stores, furniture stores, bookstores, jewelry stores, stationery stores, gift boutiques, sporting goods stores, and similar)

Shopping patterns for GAFO retailers are the most difficult to quantify. Unlike neighborhood goods and services or food and beverages, GAFO retail success is closely tied to the luxury spending potential of any given trade area.

Within the City of Falls Church, luxury spending is strong, but so is the competition for these expenditures. Many GAFO retailers who are desired within the City have avoided Falls Church due to close proximity of available opportunities or existing shops at Tyson's Corner Center, Seven Corners, Bailey's Crossroads, and now Market Common at Clarendon. Smaller, locally-operated GAFO stores that have located within Falls Church are frequently in isolated locations and have limited visibility. Many of the most successful establishments are located within the City's existing shopping centers with sufficient foot traffic, visibility and accessible parking.

The capture rates identified for GAFO expenditures reflect Falls Church's ability to support this retail category; however, it also represents the massive competition that flanks the City to the east and west. All figures stated are approximate.

### **Existing Supply of GAFO in Falls Church: 137,000 square feet**

The total existing square footage of GAFO establishments in Falls Church is approximately 174,000 square feet. A majority of this total is located in Class A space. For this reason, the difference between the existing inventory and the true inventory is relatively small, as the Class A space is expected to remain competitive as the local market improves. A true inventory calculation for GAFO establishments concludes that approximately 137,000 square feet of this space should be measured as the current market's stable supply.

### **Estimated Demand for GAFO in Falls Church: 160,500 square feet**

Please refer to Appendix D for detailed information on expenditures, capture rates and total GAFO retail demand for the local and regional trade areas, as well as the Falls Church office population.

### **Estimated Retail Development Potential for GAFO: 23,500 square feet**



The gap between the existing supply of retail goods and services and the estimated demand equals the unmet retail demand for Falls Church. In the three primary retail categories, unmet retail demand is present in each one.

*The sum of the retail development potential of each retail category yields the total unmet retail demand or total retail development potential that current exists in the City of Falls Church.*

NG&S:	approx. 21,500 square feet
F&B:	approx. 44,350 square feet
GAFO:	approx. 23,500 square feet

---

Total Unmet Retail Demand:	approx. 89,350 square feet
-------------------------------	----------------------------



The below-listed projects under construction will introduce approximately 64,000 new square feet of retail space into the Falls Church market.

### **The Bryon, 513 West Broad Street**

Combined with the retail offerings at The Broadway across the street, The Bryon will further contribute to this emerging “retail node” along Broad Street. Including 9,000 square feet of new retail, the space at The Bryon includes high ground-level ceilings, adjacent surface parking, and outdoor café space to the east of the project. The anticipated completion date for this project is Spring 2006.

### **Pearson Square, 500 S. Maple Avenue**

This new development located along Maple Avenue, near the South Washington Street corridor, will introduce approximately 25,000 square feet of retail space into the local market. Supported by 85,000 square feet of office space and 230 condominium units, Pearson Square's retail space will enter the market as the project's phases are completed: between Summer 2006 and Spring 2007.

### **The Spectrum**

Another project within close vicinity of The Broadway, The Spectrum will offer 30,000 square feet of new retail space to Falls Church. With 191 condominium units and 30,000 square feet of office space on-site, the ground-level retail is focused around a plaza it shares with the existing Panera Bread location. Anticipated introduction of the new retail space is late 2006.

The estimated total unmet retail demand of 89,350 square feet must be measured against planned new retail construction in Falls Church. Over the next three years, the following projects will introduce new retail space into the local market:

The Byron:	9,000 square feet
The Spectrum:	29,800 square feet
Pearson Square:	25,400 square feet
<u>Total Additional Retail Supply:</u>	<u>64,200 square feet</u>

*Retail development projects under construction will absorb approximately 64,000 square feet of the current retail development potential.*

During the next five years, retail demand will also increase with new development and population growth. By 2010, total retail demand will equal approximately 472,500 square feet. The following table provides supply, demand and unmet demand figures for 2005 and 2010 projections (please refer to Appendices E-G for detailed information on 2010 retail demand calculations). All figures stated are approximate.

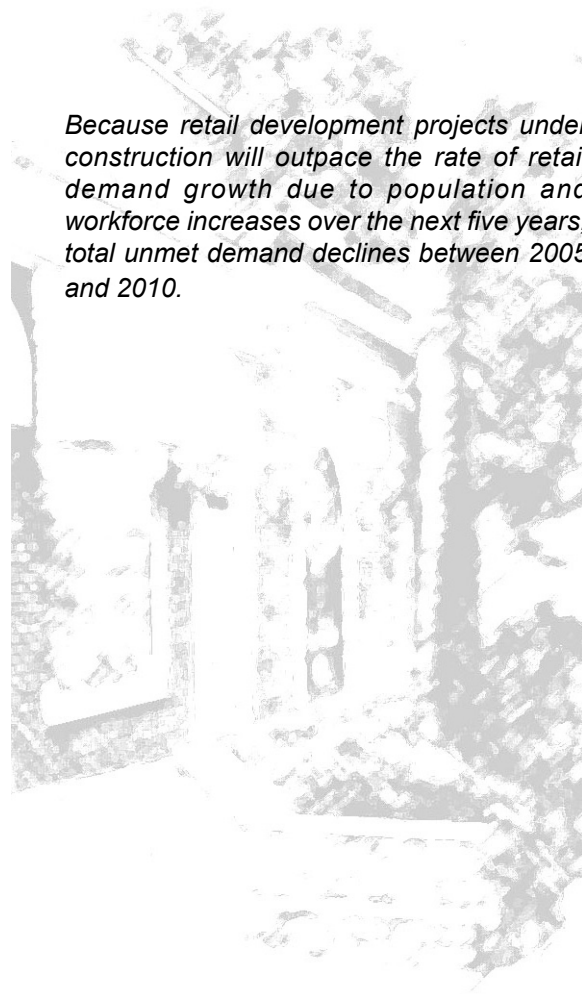
### Falls Church Retail Market 2005

Existing Demand	444,850 square feet
Existing Supply	- 355,500 square feet
Existing Unmet Demand	89,350 square feet

### Falls Church Retail Market 2010

Projected Demand	472,500 square feet
Projected Supply	- 419,700 square feet
Projected Unmet Demand	52,800 square feet

*Because retail development projects under construction will outpace the rate of retail demand growth due to population and workforce increases over the next five years, total unmet demand declines between 2005 and 2010.*



## Possible Catalysts for Future Retail Demand

Changes in the local market caused by increased population, additions to the local workforce, and certain categories of new construction can trigger additional retail demand by 2010.

Possible Retail Catalysts	Potential Add'l Retail Demand
A performance theater, art cinema, music venue, or entertainment establishment within close proximity of the State Theater	Up to 3 additional cafes or up to 2 small restaurants
A specialty grocery store	Up to 12,000 additional square feet of neighborhood goods and services retail
An experience-based "main street" shopping environment	Up to approximately 50,000 additional square feet of retail space
Each additional residential unit	Approx. 18 additional square feet of retail space within the City
Each additional 1,000 square feet of commercial office space	Approx. 12 additional square feet of retail space within 0.5 miles
Each additional hotel room	Approx. 9 additional square feet of retail space within the City.

*New development without a retail component can increase retail demand for the City.*

*Development of new retail outside of the City places further limitations on Falls Church's retail potential. In order to impact local shopping patterns before competitive retail is built, the City should proceed with a comprehensive retail strategy.*

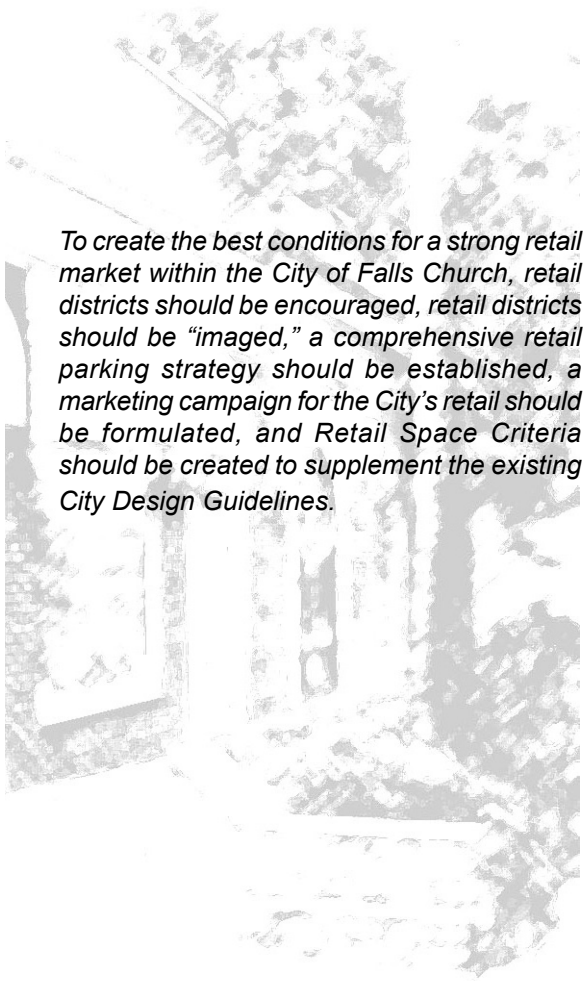
## Possible Impediments to Future Retail Demand

Perhaps the most significant threat to the local retail market in Falls Church today is the growth potential that exists outside of City limits at both Metro locations. New retail development that incorporates a critical mass of establishments with visibility and accessible parking will effectively "cut off" Falls Church from its regional trade area. Potential customers to the north and west will be unlikely to pass a significant shopping opportunity at these locations to pursue options within the City. As a result, capture rates for retail expenditures within Falls Church would decrease, as would overall retail demand.

As demonstrated by the supply and demand analysis, the local market for retail space in Falls Church is limited. This conclusion is not isolated to the City: no market in the country has unlimited retail potential. Once estimated and understood, unmet retail demand can help inform decisions about retail planning and mixed-use development.

A common practice in municipalities encouraging mixed-use growth patterns is to include retail space at the ground-level of most new projects, regardless of market demand. Consequently, many communities are experiencing a glut of retail space at inappropriate locations with insufficient parking to maintain sustainable businesses.

Today, Falls Church has the opportunity to shape the growth of its retail space in a manner that promotes viable establishments with longevity in the market that have optimal potential for profitability.



*To create the best conditions for a strong retail market within the City of Falls Church, retail districts should be encouraged, retail districts should be “imaged,” a comprehensive retail parking strategy should be established, a marketing campaign for the City’s retail should be formulated, and Retail Space Criteria should be created to supplement the existing City Design Guidelines.*

The following list recommends a series of strategies to obtain this goal:

### **Encourage Retail Districts in Falls Church**

The total unmet retail demand cannot support continuous retail space among Falls Church’s primary roadways – Broad and Washington Streets. As the retail demand is absorbed at isolated locations around the City, each retailer faces a greater struggle as resources, such as marketing, parking, sidewalk environments, and cross-shopping opportunities, cannot be shared with a critical mass of establishments.

Encouraging retail districts throughout the City allows retailers to become part of an identity that is larger than one store or restaurant. This effect can increase their potential trade area and total sales. An “economy of scale” can also be experienced when marketing, maintenance and security costs are shared.

For districts to occur in Falls Church, new retail opportunities must be *clustered* and *defined*. Mandating retail space at the ground-level of each new building makes these retail nodes nearly impossible. The demand is simply too diluted.

Several retail nodes or districts are already emerging in Falls Church, and many others have been discussed or proposed.



The WEST END and SEVEN CORNERS currently provide retail book-ends for the community, but additional retail opportunities still exist to further enhance district-creation at both locations. Retail opportunities in the area know as “the Triangle Development” would greatly contribute to the West End district.

SOUTH WASHINGTON STREET’s retail environment has the building blocks for becoming a recognizable node and would benefit from “identifiers” such as district signage, streetscape improvements and enhancement of the pedestrian environment, especially street crossings. This district will be strengthened by the introduction of Pearson Square’s retail offerings.

The area identified in the George Mason University report as BROAD-PENN is another emerging retail district. The concentration of retailers at The Byron, The Broadway, and The Spectrum has the potential to share a district identity, rather than being perceived as three separate projects. With the Panera Bread store as its focal point, this district appears to already have a dedicated customer base.

The proposed CITY CENTER represents one of the last remaining opportunities to create a community-gathering, experience-based retail environment in Falls Church, due to the availability of land in the City. Because of the proposed size of this project, City Center will likely function as its own district.

### **Creation of Retail District Signage and Other “Identifiers”**

Once retail districts have been identified, efforts to support the branding of each location should be undertaken. A customer has several visual cues that signify a special district or unique retail condition, such as street signage, lighting fixtures, plantings, street furniture, sidewalk paving materials, crosswalk paving materials, and other similar identifiers. Most importantly, each district’s signals should be distinctive.

### **Establish a Comprehensive Retail Parking Strategy**

Whether on the street, in a parking field, or in a garage, a strategy for retail parking must be studied, understood and implemented. The retail market in the City of Falls Church is changing, as is the customer’s understanding of its retail options. For example, over the next several months, many Falls Church shoppers will be expected to park in garages, rather than in parking fields or on the

street. While new development occurs, the community considers shared parking and appropriate parking ratios given Metro and GEORGE accessibility. Until a more sophisticated approach is pursued, the following general statements about retail parking are intended to assist decision-making regarding new development:

- o In general, customers prefer day-lit, above-ground parking garages to well-lit, below-ground spaces.
- o In general, NG&S retailers will need at least one surface space (parking field or on the street) per establishment in Falls Church's current shopping environment. F&B establishments will need at least two spaces. These spaces do not need to be dedicated.
- o For fields and garages shielded from view, the directional signage for parking must be clear and quickly identifiable.

### **Formulate a Marketing Campaign Based on a Realistic Retail Image**

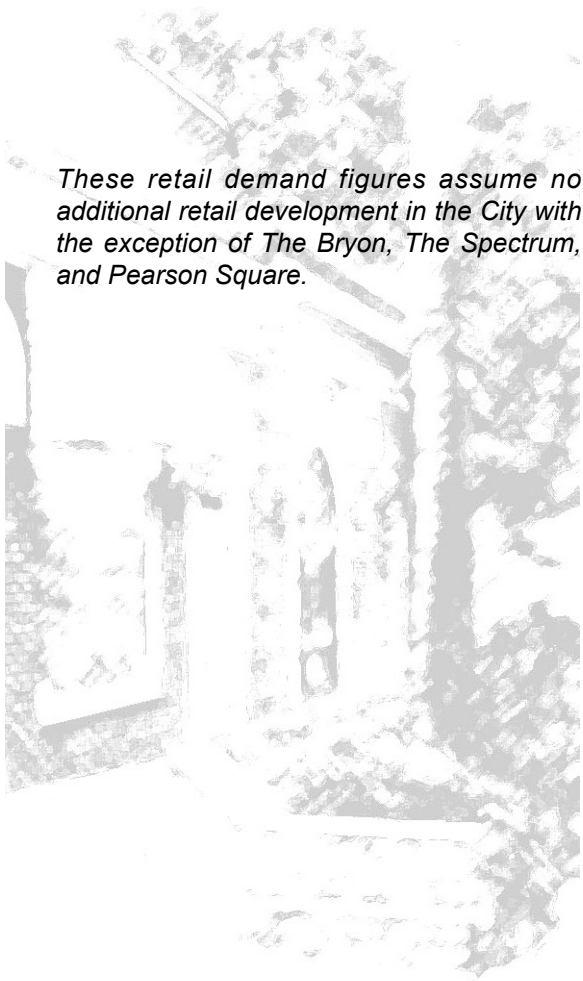
As a retail strategy evolves for the City of Falls Church, a marketing or "imaging" campaign for its districts may be appropriate. Often undertaken by a community's economic development office, an imaging campaign can involve producing materials about the City's trade areas, its retail potential, and a realistic notion of a collection of retail establishments that it is seeking to attract. These materials are presented to the retail brokerage community for their information and consideration.

### **Supplement the City's Design Guidelines with Retail Space Criteria**

The existing City's Design Guidelines are a resource for developers and architects undertaking construction projects in Falls Church. For this reason, specific criteria regarding the minimum requirements for the height and depth of ground-level retail space should be incorporated. A section on retail construction might also include information on retail orientation on the site, minimizing architectural elements at the ground-level, and merging entrances for uses above with the sidewalk retail environment.



As a focal point for the community's future development, the City of Falls Church envisioned a concentrated collection of residential, commercial office and retail near the intersection of its crossroads – Broad and Washington Streets. Known as City Center, the retail component has inspired diverse speculation over the mix, size, and character of the development's shops and restaurants. From a village-scale retail district to a regional lifestyle center, the variety of retail strategies for City Center necessitated refinement based on existing market conditions and realistic expectations of the local shopping potential. Once determined, a market-appropriate strategy for City Center was translated into what type and how many retail establishments could be supported. With the information, the purpose of this final section of the Falls Church Retail Market Analysis is to provide the community with a shared and realistic expectation for City Center.



*These retail demand figures assume no additional retail development in the City with the exception of The Bryon, The Spectrum, and Pearson Square.*

### **Market Demand for City Center Retail**

For the proposed City Center development, the total amount of retail demand based on consumer expenditures that could potentially be captured from primary and secondary trade areas is 52,600 square feet.<sup>2</sup> Existing retail space scheduled for replacement in City Center contributes an additional 84,965 square feet. New residential and commercial office development at City Center could increase retail demand by an additional 13,800 to 20,400 square feet.<sup>3</sup>

Based on these figures, the unmet retail demand for City Center ranges between 150,000 and 160,000 square feet.

### **Potential Impacts on City Center Retail Demand**

The total projected retail demand for City Center is neither absolute nor fixed. Countless factors influence customers' willingness to shop and tenants' interest in opening a new location – positively and negatively.

---

2. This figure is based on projected 2010 expenditures as determined by Claritas, U.S. Bureau of Labor, and projected growth within the trade areas as determined by the City of Falls Church Economic Development Office and Retail Compass LLC.

3. This figure was derived by projecting retail demand generated by 600 to 800 new residential units and 250,000 to 500,000 additional square feet of office space. In the report entitled *A Retail Study for the City of Falls Church: Analysis of the Existing Inventory and Assessment of Potential Demand*, Retail Compass projected that retail demand for the City would increase by 18 square feet for each additional residential unit, 12 square feet for each additional 1,000 square feet of commercial office space and nine (9) square feet for each additional hotel room. See Page 31.

*Several conditions and events can either positively or negatively impact City Center's retail development potential.*



The estimate of approximately 150,000 to 160,000 square feet of demand is intended to establish a baseline of realistic expectations for City Center retail space. This figure represents the demand potentially generated within the market by offering a more favorable retail opportunity within closer proximity of home or office than existing retail establishments. The following information is offered to accommodate fluctuations in this expected demand as conditions independent of the market alter throughout the development process.

Some of the factors that can influence market-based demand at City Center include:

*Concentrated, nearby development without a retail component (positive)*

Not all forms of new development endanger City Center's future. Construction of new residential, office and hotel space near the project site bolsters retail demand projections.<sup>4</sup>

*Well-designed, flexible ground-floor space suitable for retail tenants (positive)*

The current Falls Church retail supply has few Class A locations. This condition limits the type and quality of new retail tenants that are willing to enter the City under any market conditions. Class A retail space is categorized by tall ceilings heights, wide column grids, suitable space depths, clear visibility from a primary roadway and direct access to retail parking.<sup>5</sup>

*Involvement of a reputable retail development company or brokerage firm (positive)*

Due to the expense of opening a new location, retailers are often hesitant to expand into an area with uncertain market potential. For this reason, a Tysons Corner Center store has traditionally been a safer investment for retailers hoping to capture Falls Church residents' expenditures – the location is proven and the distance is reasonable for most customers.

However, perceptions regarding a tentative retail location can shift with two specific occurrences: 1) a major anchor tenant is announced, and/or 2) a well-regarded retail development or brokerage firm is participating. For City Center, the second event would be most significant, as an established retail group would most likely be needed to secure an anchor tenant for this development. Although City Center can become a successful shopping environment without the involvement of a retail

4. In the report entitled *A Retail Study for the City of Falls Church: Analysis of the Existing Inventory and Assessment of Potential Demand*, Retail Compass projected that retail demand for the City would increase by 18 square feet for each additional residential unit, 12 square feet for each additional 1,000 square feet of commercial office space and nine (9) square feet for each additional hotel room. See Page 31.

5. Specific criteria for retail space are addressed in the final section of this report.

developer or broker, the inclusion of a reputable one with considerable mixed-use experience will bring retail relationships throughout the industry. Essentially, the site would become “pre-qualified” to many retail tenants who would otherwise be uninterested in the risk associated with a City Center location.

### *Construction of nearby competitive retail establishments (negative)*

New mixed-use development projects scheduled for completion in advance of City Center have the ability to impact retail demand within Falls Church. Merrifield Town Center is poised to offer the most direct competition, at this time.

However, retail competition from outside Falls Church’s boundaries is not City Center’s only concern. New mixed-use projects within City limits also threaten City Center’s retail viability. Because a finite amount of retail demand exists for the City, each new project with a retail component undermines the total available demand for City Center.

### *Excessive City regulation of retail tenant space design and signage (negative)*

Stringent guidelines for retail space at City Center may deter potential tenants. Retailers, especially those interested in mixed-use locations, will require a reasonable amount of artistic license to ensure that their storefront is unique among a collection of establishments and representative of their brand. Aggressive City regulations of storefront design and retail signage may discourage the creative retailers the community hopes to attract. Working with the City Center developer, staff should consider guidelines for the quality and application of materials, rather than design issues, for this retail environment.

### *Insufficient or inappropriate parking options for retail customers (negative)*

Parking is one of the most significant factors in the success of Falls Plaza and Broaddale Village, as evidenced by each center’s high rents and occupancy levels. Based on traditionally suburban models, their visible and easily accessible parking fields assure customers that a simple shopping trip or dining experience will not be complicated by the search for a parking space. Although City Center will be planned and designed to promote density, its parking solution must provide spaces that are easy to locate and ensure that there are enough parking spaces dedicated for retail use that customers can reliably find one.

Development plans for City Center should also aim to minimize the distance between retailers and retail parking spaces. Pedestrian walkways provide narrow openings in a retail block to assure retail tenants that customers will be able to reach their locations directly and quickly.



A successful retail strategy at City Center has four critical parts that must all work together:

- Customers must be willing to shop there;
- A Development Team must be willing to construct an appropriate amount of quality space to promote retail viability;
- City Officials and Staff must be willing to focus retail growth efforts at City Center and to allow creative retail design;
- Retailers must be willing to open City Center shops, restaurants and service establishments.

As discussed previously, a variety of obstacles have hindered retail development in Falls Church. City Center should offer remedies to these difficulties, which include insufficient parking, poor visibility and accessibility, failure to attain “critical mass,” and inadequate tenant space. Even with these issues solved, serious barriers for retailers at City Center remain.

*Local and national retailers will use different criteria to evaluate a potential location in City Center.*

### *Local and National Retailers*

For local retailers, one of the most important factors that will impact the decision to locate in City Center will be asking rents. Another will be the character and inventory of any committed regional or national retailers (is their customer base similar?). The limited opportunities to own retail space rather than lease is also an issue among existing Falls Church local retailers.<sup>6</sup>

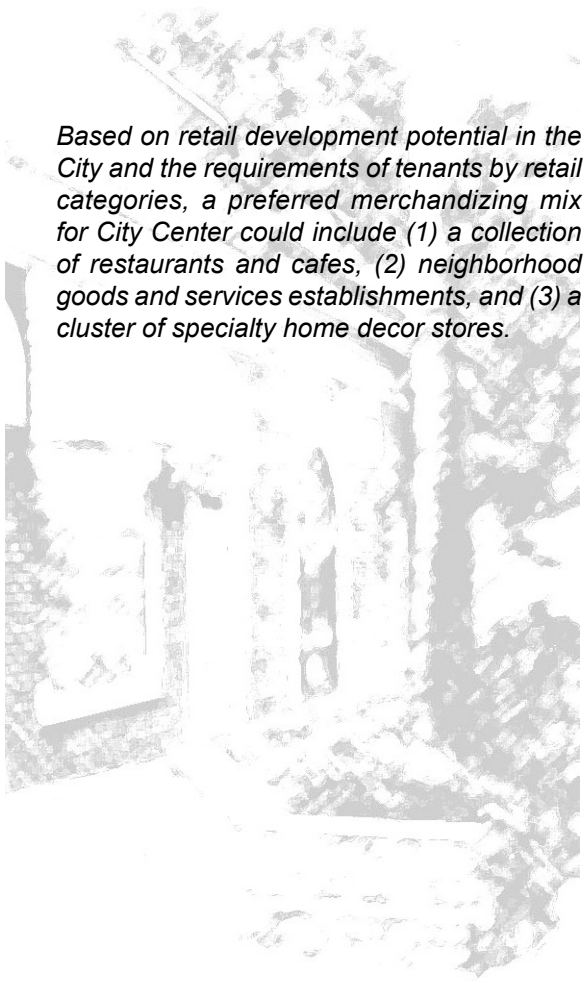
For regional and national retailers, the dominant concern will focus on close proximity to existing establishments at Tysons Corner, Market Common, Fairfax Corner and/or Pentagon City. Commonly known as “cannibalizing,” the addition of a new store at a Falls Church location could compromise sales at an existing store by dividing the customer base or trade area. Additional issues will include lease provisions, the quality of available space, visibility from primary roadways, associated parking, access to loading and trash facilities. Co-tenancy might also raise concerns, as demonstrated in the appendix. Difficult leasing situations can be caused by retailers who hesitate to be the first to sign a lease, waiting for other retailers to commit first.

Certain retail categories are more heavily impacted by these potential difficulties than others. The optimal merchandizing mix for City Center emphasizes retailers who are less affected or can overcome obstacles caused by market rents and nearby locations.

6. Observed by Retail Compass during interviews conducted for the *Inventory of Existing Retail Establishments for Falls Church, Virginia*, May 2005.

The inclusion of a traditional anchor tenant, such as a grocery store, drugstore, or large-format specialty retailer, will also impact the merchandizing mix at City Center. Smaller tenants who share the same customer type as the larger, more visible store will be inclined to lease space in the district. However, City Center's position in a competitive market and the scale of its retail component make this development an ideal candidate for one of the non-traditional retail anchors, including a central open space, a well-designed street environment, a hotel, or an additional cultural/performance venue to complement the State Theater.

Based on retailers' risk tolerance by category and the retail demand assessment for Falls Church, the following retail categories or merchandizing mixes are estimated to have the highest levels of interest (and probability for success) in a City Center location:



*Based on retail development potential in the City and the requirements of tenants by retail categories, a preferred merchandizing mix for City Center could include (1) a collection of restaurants and cafes, (2) neighborhood goods and services establishments, and (3) a cluster of specialty home decor stores.*

***A collection of restaurants and cafes.*** The analysis of the Falls Church retail market concludes that customer spending for food and beverages away from the home by local residents is high, yet few of these dollars are spent on Falls Church establishments. The majority of the City's restaurants, cafes and quick-bite establishments are in Class C retail space, the lowest category. The total local expenditures in this category compared to the amount and quality of food and beverage retail tenants suggests that untapped demand can be captured within the City.

Similar to other types of retail, restaurants operate best as part of a dining cluster or district. Isolated restaurants must rely on customers who seek out their specific location. A concentration of restaurants in a desirable environment, however, can draw patrons from a wide trade area. Under this scenario, people would come to City Center for the wide range of dining options, rather than a predetermined destination.

Falls Church's limited daytime population will cause concern with restaurateurs who rely on lunchtime traffic. Information regarding the City's work-from-home and stay-at-home population should be gathered for restaurant recruitment, as well as any strategies to incorporate new office space and possibly City Hall into City Center's plans.

***Neighborhood goods and services, possibly anchored by a specialty grocery store.*** In Falls Church, shopping trips for household goods and personal services require stops at several destinations. With the exception of Falls Plaza neighborhood good and services establishments are dispersed throughout the City and are rarely clustered. City Center will offer an opportunity to minimize these



“Saturday errands” into a focused location where retailers such as florists, bakeries, tailors, dry cleaners, salons, wine stores, drugstores/pharmacies, and similar establishments are conveniently co-located.

The distribution of grocery stores throughout Falls Church and surrounding neighborhoods has resulted in a void at the City Center location. With Falls Church’s population density, the community’s retail demand can sustain at least two grocery stores with adequate parking, accessibility and visibility along Route 7. The Giant Food at Falls Plaza provides this option at the western boundary of Falls Church. Because of limited land availability, a second store along Route 7 to serve the east end of the City has not been constructed. The redevelopment of City Center can provide the necessary space, parking, accessibility and visibility for the inclusion of a second Falls Church grocery store along Route 7.

*A cluster of specialty home décor stores.* Household expenditures in the Falls Church trade area for home goods and home improvement are strong. Isolated specialty home improvement stores are prevalent throughout Falls Church and surrounding communities. Home Depot’s confidence in area sales has resulted in two stores within two miles of City Center – one on either side of Falls Church.<sup>7</sup>

A possible strategy for a tenant mix at City Center focuses on a cluster of home décor and improvement stores. Merchandise associated with retailers in this category includes china/glassware, rugs/floor coverings, kitchenware, furniture, cabinetry, plumbing fixtures, linens/fabrics, hardware, housewares/small appliances, blinds/drapes, art/frames, lighting, and similar products. The clustering of these retailers creates a marketable district that could potentially draw low traffic volume, high sales volume customers from a wider trade area.

Although not required, a furniture store between 8,000 and 25,000 square feet could be supported by market demand and would provide an anchor establishment for this retail cluster.

---

7. The two Home Depots in the Falls Church area also signify this company’s perception of the City as a dividing line between two retail markets. The Merrifield Home Depot serves one market, whereas the Arlington Home Depot serves another. Falls Church residents are distributed between the two trade areas.

*The construction of additional, sporadic retail clusters throughout Falls Church threatens to create an oversupply of retail space with insufficient retail demand.*

Perhaps the most critical element of the City Center retail strategy does not involve City Center. The addition of other retail space to residential and commercial office projects throughout the City increases the possibility that retail demand (i.e. consumer expenditures) will be inefficiently and widely distributed throughout Falls Church.<sup>8</sup> This condition jeopardizes the retail market by placing retail development at City Center in competition with several, smaller new retail nodes scattered throughout the community.

If this pattern continues, there are two potential outcomes at this stage of Falls Church's development.

The most likely result is that City Center's retail development will attract tenants that have recently located in ground-floors throughout the City, but who seek better quality space and a concentrated, retail environment. Vacated retail space in these smaller projects could be difficult to re-lease or could be re-occupied with substandard tenants.

Another possible outcome is that retail demand will be met with the development of these smaller locations, and City Center will have difficulty attracting new tenants.

Efforts to include retail space as a component of most residential or commercial projects in Falls Church creates this imbalance in the market. Neither option is "correct," however, both options cannot be pursued simultaneously. The retail demand for Falls Church is a restricted resource with definite limits.

Planning considerations for City Center should include:

### *A Focused Retail Environment*

Regardless of the amount, the retail space at City Center should be concentrated within the development whenever possible. For this reason, realistic retail projections at the earliest concept planning stages are critical. A vast amount of retail space with sporadic occupancy will not create the district identity necessary to establish City Center's shopping environment from its grand opening.

*To operate optimally as a retail center, City Center should be planned as a focused retail environment, surrounding a central open space, with the possible addition of anchor tenants, steady (but not commuting) traffic, appropriate landscaping and adherence to quality retail design criteria.*

8. By 2007, three new mixed-use projects in Falls Church will bring a total of 64,000 square feet of new retail space to the market – The Bryon (9,000 square feet), Pearson Square (25,000 square feet), The Spectrum (30,000 square feet).

### *A Central Open Space Bordered by Retail Uses*

Incorporating the retail environment with a central open space accomplishes several goals. First, it reinforces the identity of a retail district. Second, it should increase the amount of retail space with visibility from primary roadways. Third, the open space becomes a non-traditional “anchor” for retail environment.

### *The Placement of Anchor Tenants*

At City Center, larger anchor tenants must be appropriately located to maximize their benefit to smaller stores and restaurants. These sites will be at Broad Streets intersections with Maple Avenue and/or Washington Street. The corner of Broad Street and Little Falls Street would be a secondary location for retail anchors tenants, as would mid-block locations along Maple Avenue, either north or south of Broad Street.

### *Slow, Steady Traffic in Front of Retail Locations*

Retail districts thrive when their roadways are crowded and slow-moving. Three of the best examples in the country are local to the DC Metro area: Bethesda Row, Old Town Alexandria, and Georgetown. Route 7/Broad Street historically functioned as Falls Church’s commercial street. Similarly, Wisconsin Avenue had the same role in Bethesda. Neither of these roads can operate as pedestrian-dominant retail environments today. In Bethesda, Woodmont Road has become the corridor for the retail district. In Falls Church, the City Center Strategic Plan recommended Maple Avenue.

The “retail street” in City Center must accomplish two transportation engineering tasks; it must accommodate cars while promoting congestion. The result provides two important benefits to retailers by making pedestrian crossing safer and giving drivers more time to observe their surroundings. Essentially, it encourages jaywalking and window shopping.



### *Appropriate Landscape Design and Maintenance Along Retail Streets*

Falls Church's trees are a defining characteristic of the community. The inclusion of landscaping and trees, in particular, will be a critical element in the design of City Center. Any planting initiative must be undertaken in conjunction with retail planning. Young trees expected to mature can be damaging to retail establishments whose signs are obstructed during "the growing years." Mature trees with low hanging tree branches are equally damaging for the same reason. To the extent possible, City Center's earliest landscaping should be organized around the planting of mature, well-maintained trees.

### *Adherence to Quality Retail Space Design Criteria*

Shifting from site planning to retail space planning, good ground-floor design from the conceptual stage is necessary. The criteria for quality retail space are connected to what retailers need and what makes customers comfortable, whether they realize it or not. The most essential elements of a quality retail space include:

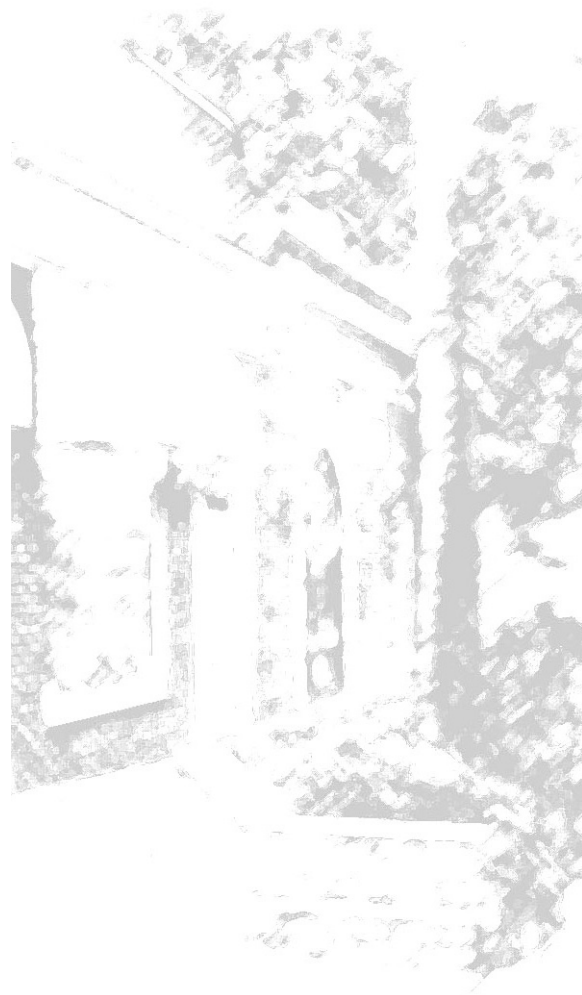
- Floor-to-ceiling clear heights of at least 14 feet (preferably 16 feet or higher);
- Retail space between 40 and 90 feet deep;
- Column grids spaced at least 20 feet on center (preferably 30 feet on center);
- Retail sidewalks at least 15 feet wide.

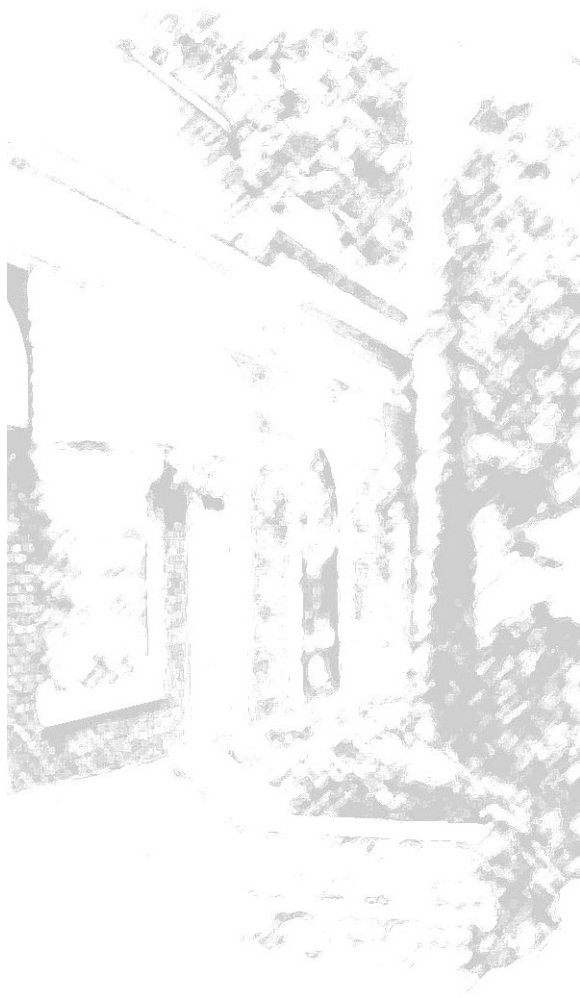


The residents and workers of the City of Falls Church have long been considered part of the customer base for the considerable number and size of retail centers that surround them. The desire and need to have a collection of shopping and dining alternatives inside their community's borders is a reasonable request. Retail establishments are supported by expenditures that can be captured or drawn from existing retail opportunities. For this reason, the City of Falls Church must understand the limitations of its retail potential and seek appropriate and unique opportunities within these boundaries. To do so does not equate to forgoing ambition or "settling" for second best. Instead, this approach allows the community's development vision to move forward, finding great opportunities in a practical strategy.

It must be restated that City Center has the potential to be a vibrant retail district. In pursuit of this goal, it does not need to directly compete with regional malls, rely heavily on national tenants, focus on Route 7, include more space than the market can absorb, or replicate existing merchandizing mixes already found in the Metro DC area. With the expectation that City Center could offer and the community could support between 160,000 and 200,000 square feet of retail at this development, a wide variety of alternatives for a shopping district full of local and regional shops and restaurants exist. Efforts to supplement this mix with a compatible entertainment component will only enhance City Center's retail vitality.

To become the centerpiece of the Falls Church's retail market, City Center's retail component must be of appropriate size, well-parked, easily accessed, readily visible, "anchored" by an outstanding open space, and representative of the trade area's shopping preferences. With the successful execution of the retail development's technical aspects, Falls Church has the potential to redefine this community to the region and to offer its citizens a shopping and gathering place of their own.





## APPENDIX A

### True Inventory Calculations

TABLE A-1: True Inventory of Retail Space (2005-2010)

Class of Space	Total Amount (SF)	Efficiency	True Inventory (SF)
A	190,955	90%	171,860
B	123,103	75%	92,327
C	150,105	55%	82,558
BTS	36,975	25%	9,244
TOTAL TRUE INVENTORY:			355,989

TABLE A-3: True Inventory of F&B Space (2005-2010)

Class of Space	Total Amount (SF)	Efficiency	True Inventory (SF)
A	20,665	90%	18,599
B	29,888	75%	22,416
C	43,465	55%	23,906
BTS	10,800	25%	2,700
TOTAL TRUE INVENTORY:			67,621

TABLE A-2: True Inventory of NG&S Space (2005-2010)

Class of Space	Total Amount (SF)	Efficiency	True Inventory (SF)
A	75,050	90%	67,545
B	53,863	75%	40,397
C	67,095	55%	36,902
BTS	26,175	25%	6,544
TOTAL TRUE INVENTORY:			151,388

TABLE A-4: True Inventory of GAFO Space (2005-2010)

Class of Space	Total Amount (SF)	Efficiency	True Inventory (SF)
A	95,240	90%	85,716
B	39,352	75%	29,514
C	39,545	55%	21,750
BTS	0	25%	0
TOTAL TRUE INVENTORY:			136,980

Source: Inventory of Existing Retail Space, City of Falls Church, VA. Retail Compass, LLC (May 2005)

## APPENDIX B

### Existing Retail Demand for Neighborhood Goods and Services in Falls Church

#### Neighborhood Goods and Services

Category	Total Expenditures	Capture Rate	Total Captured Expenditures	Retail Sales per SF	Total Demand (SF)
<b>EXISTING DEMAND BY LOCAL TRADE AREA</b>					
Groceries	65,201,000	32.00%	20,864,320	\$425	49,093
Prepared Foods	13,682,000	20.00%	2,736,400	\$395	6,928
Alcohol at Home	15,026,000	22.00%	3,305,720	\$345	9,582
Housekeeping Supplies and Similar	7,380,000	28.00%	2,066,400	\$300	6,888
Personal Care and Services	16,619,000	30.00%	4,985,700	\$275	18,130
<b>NG&amp;S Subtotal</b>	<b>117,908,000</b>		<b>33,958,540</b>		<b>90,620</b>
<b>EXISTING DEMAND BY REGIONAL TRADE AREA</b>					
Groceries	103,360,000	18.00%	18,604,800	\$425	43,776
Prepared Foods	23,869,000	10.00%	2,386,900	\$395	6,043
Alcohol at Home	22,982,000	8.00%	1,838,560	\$345	5,329
Housekeeping Supplies and Similar	11,380,000	12.00%	1,365,600	\$300	4,552
Personal Care and Services	24,253,000	12.00%	2,910,360	\$275	10,583
<b>NG&amp;S SUBTOTAL</b>	<b>185,844,000</b>		<b>27,106,220</b>		<b>70,283</b>
<b>EXISTING DEMAND BY OFFICE POPULATION</b>					
<b>NG&amp;S Subtotal</b>	<b>11,436,919</b>	35.00%	<b>4,002,922</b>	<b>\$345</b>	<b>11,603</b>
<b>NG&amp;S TOTAL FALLS CHURCH DEMAND:</b>					<b>172,506</b>

Source: Bureau of Labor Statistics, 1Q05; Claritas Site Reports; ICSC Monthly Mall Sales Reports, 2003; Office Worker Retail Spending Patterns, ICSC Research, 2004; Retail Compass, LLC

## APPENDIX C

### Existing Retail Demand for Food and Beverages in Falls Church

#### Food and Beverages

Category	Total Expenditures	Capture Rate	Total Captured Expenditures	Retail Sales per SF	Total Demand (SF)
<b>EXISTING DEMAND BY LOCAL TRADE AREA</b>					
Food Away from Home	65,725,000	22.00%	14,459,500	\$343	42,156
Alcohol Away from Home	8,118,000	22.00%	1,785,960	\$295	6,054
<b>F&amp;B Subtotal</b>	<b>73,843,000</b>		<b>16,245,460</b>		<b>48,210</b>
<b>EXISTING DEMAND BY REGIONAL TRADE AREA</b>					
Food Away from Home	107,059,000	12.00%	12,847,080	\$343	37,455
Alcohol Away from Home	12,091,000	12.00%	1,450,920	\$295	4,918
<b>F&amp;B Subtotal</b>	<b>119,150,000</b>		<b>14,298,000</b>		<b>42,373</b>
<b>EXISTING DEMAND BY OFFICE POPULATION</b>					
<b>F&amp;B Subtotal</b>	<b>15,068,664</b>	45.00%	<b>6,780,899</b>	<b>\$319</b>	<b>21,257</b>
<b>F&amp;B TOTAL 2005 FALLS CHURCH DEMAND:</b>					<b>111,840</b>

Source: Bureau of Labor Statistics, 1Q05; Claritas Site Reports; ICSC Monthly Mall Sales Reports, 2003; Office Worker Retail Spending Patterns, ICSC Research, 2004; Retail Compass, LLC

## APPENDIX D

### *Existing Retail Demand for General Merchandise, Apparel, Furnishings and Other in Falls Church*

#### **General Merchandise, Apparel, Furnishings and Other**

<b>Category</b>	<b>Total Expenditures</b>	<b>Capture Rate</b>	<b>Total Captured Expenditures</b>	<b>Retail Sales per SF</b>	<b>Total Demand (SF)</b>
<b>EXISTING DEMAND BY LOCAL TRADE AREA</b>					
Apparel, Accessories and Similar	78,833,000	15.00%	11,824,950	\$303	39,026
Reading Materials	8,789,000	15.00%	1,318,350	\$225	5,859
Home Furnishings and Décor	46,121,000	15.00%	6,918,150	\$356	19,433
Misc. Gifts and Equipment	46,856,000	15.00%	7,028,400	\$310	22,672
<b>GAFO Subtotal</b>	<b>180,599,000</b>		<b>27,089,850</b>		<b>86,991</b>
<b>EXISTING DEMAND BY REGIONAL TRADE AREA</b>					
Apparel, Accessories and Similar	131,704,000	5.00%	6,585,200	\$303	21,733
Reading Materials	14,153,000	5.00%	707,650	\$225	3,145
Home Furnishings and Décor	70,140,000	8.00%	5,611,200	\$356	15,762
Misc. Gifts and Equipment	75,078,000	8.00%	6,006,240	\$310	19,375
<b>GAFO Subtotal</b>	<b>291,075,000</b>		<b>18,910,290</b>		<b>60,015</b>
<b>EXISTING DEMAND BY OFFICE POPULATION</b>					
<b>GAFO Subtotal</b>	<b>13,985,296</b>	30.00%	<b>4,195,589</b>	\$310	<b>13,534</b>
<b>GAFO TOTAL 2005 FALLS CHURCH DEMAND:</b>					<b>160,539</b>

## APPENDIX E

### *Projected 2010 Retail Demand for Neighborhood Goods and Services in Falls Church*

#### Neighborhood Goods and Services

Category	Total Expenditures	Capture Rate	Total Captured Expenditures	Retail Sales per SF	Total Demand (SF)
<b>PROJECTED DEMAND BY LOCAL TRADE AREA</b>					
Grocery	71,078,610	32.00%	22,745,155	\$425	53,518
Prepared Foods	14,924,999	20.00%	2,985,000	\$395	7,557
Alcohol at Home	16,388,826	22.00%	3,605,542	\$345	10,451
Housekeeping Supplies and Similar	8,043,503	28.00%	2,252,181	\$300	7,507
Personal Care and Services	18,124,291	30.00%	5,437,287	\$275	19,772
<b>NG&amp;S Subtotal</b>	<b>128,560,229</b>		<b>37,025,165</b>		<b>98,805</b>
<b>PROJECTED DEMAND BY REGIONAL TRADE AREA</b>					
Grocery	103,923,256	18.00%	18,706,186	\$425	44,015
Prepared Foods	23,155,882	10.00%	2,315,588	\$395	5,862
Alcohol at Home	23,434,095	8.00%	1,874,728	\$345	5,434
Housekeeping Supplies and Similar	11,577,941	12.00%	1,389,353	\$300	4,631
Personal Care and Services	25,188,977	12.00%	3,022,677	\$275	10,992
<b>NG&amp;S Subtotal</b>	<b>187,280,151</b>		<b>27,308,532</b>		<b>70,934</b>
<b>PROJECTED DEMAND BY OFFICE POPULATION</b>					
<b>NG&amp;S Subtotal</b>	<b>12,122,521</b>	35.00%	<b>4,242,882</b>	<b>\$345</b>	<b>12,298</b>
<b>NG&amp;S TOTAL FALLS CHURCH PROJECTED DEMAND:</b>					<b>182,037</b>

Source: Bureau of Labor Statistics, IQ05; Claritas Site Reports; ICSC Monthly Mall Sales Reports, 2003; Office Worker Retail Spending Patterns, ICSC Research, 2004; Retail Compass, LLC

## APPENDIX F

### *Projected 2010 Retail Demand for Food and Beverages in Falls Church*

#### Food and Beverages

Category	Total Expenditures	Capture Rate	Total Captured Expenditures	Retail Sales per SF	Total Demand (SF)
<b>PROJECTED DEMAND BY LOCAL TRADE AREA</b>					
Food Away from Home	71,667,159	22.00%	15,766,775	\$343	45,967
Alcohol Away from Home	8,858,417	22.00%	1,948,852	\$295	6,606
<b>FOOD AND BEVERAGES SUBTOTAL</b>	<b>80,525,576</b>		<b>17,715,627</b>		<b>52,574</b>
<b>PROJECTED DEMAND BY REGIONAL TRADE AREA</b>					
Food Away from Home	108,534,178	12.00%	13,024,101	\$343	37,971
Alcohol Away from Home	14,455,382	12.00%	1,734,646	\$295	5,880
<b>F&amp;B Subtotal</b>	<b>122,989,560</b>		<b>14,758,747</b>		<b>43,851</b>
<b>PROJECTED DEMAND BY OFFICE POPULATION</b>					
<b>F&amp;B Subtotal</b>	<b>15,971,976</b>	45.00%	<b>7,187,389</b>	\$319	<b>22,531</b>
<b>F&amp;B TOTAL FALLS CHURCH PROJECTED DEMAND:</b>					<b>118,955</b>

Source: Bureau of Labor Statistics, 1Q05; Claritas Site Reports; ICSC Monthly Mall Sales Reports, 2003; Office Worker Retail Spending Patterns, ICSC Research, 2004; Retail Compass, LLC

## APPENDIX G

### *Projected 2010 Retail Demand for General Merchandise, Apparel, Furnishings and Other in Falls Church*

#### General Merchandise, Apparel, Furnishings and Other

Category	Total Expenditures	Capture Rate	Total Captured Expenditures	Retail Sales per SF	Total Demand (SF)
<b>PROJECTED DEMAND BY LOCAL TRADE AREA</b>					
Apparel, Accessories and Similar	88,840,717	15.00%	13,326,108	\$303	43,981
Reading Materials	9,582,785	15.00%	1,437,418	\$225	6,389
Home Furnishings and Décor	50,283,212	15.00%	7,542,482	\$356	21,187
Misc. Gifts and Equipment	51,083,035	15.00%	7,662,455	\$310	24,718
<b>GAFO Subtotal</b>	<b>199,789,749</b>		<b>29,968,462</b>		<b>96,273</b>
<b>PROJECTED DEMAND BY REGIONAL TRADE AREA</b>					
Apparel, Accessories and Similar	133,227,000	5.00%	6,661,350	\$303	21,985
Reading Materials	14,166,061	5.00%	708,303	\$225	3,148
Home Furnishings and Décor	71,693,350	8.00%	5,735,468	\$356	16,111
Misc. Gifts and Equipment	76,222,528	8.00%	6,097,802	\$310	19,670
<b>GAFO Subtotal</b>	<b>295,308,939</b>		<b>19,202,923</b>		<b>60,914</b>
<b>PROJECTED DEMAND BY OFFICE POPULATION</b>					
<b>GAFO Subtotal</b>	<b>14,823,664</b>	30.00%	<b>4,447,099</b>	\$310	<b>14,345</b>
<b>GAFO TOTAL FALLS CHURCH PROJECTED DEMAND:</b>					<b>171,533</b>

Source: Bureau of Labor Statistics, 1Q05; Claritas Site Reports; ICSC Monthly Mall Sales Reports, 2003; Office Worker Retail Spending Patterns, ICSC Research, 2004; Retail Compass, LLC

